

BUSINESS WEEK

JULY 30, 1949

A MCGRAW-HILL PUBLICATION



C. S. Strike (left) and J. R. Lotz: Practical planners for world development (pages 6, 77)

BUSINESS
WEEK
INDEX

TWENTY-FIVE CENTS

How profits benefit workers

IN 1914 a workman made \$1.85 a day. Investors had provided him with tools worth \$3500 per workman.

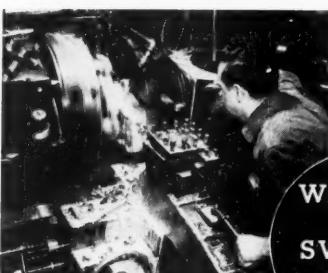
These days a workman makes \$10.90 a day because he has tools worth \$8380 to help him.

His higher earnings result from the better tools he has available. The better tools were paid for largely out of the profits

companies have made and have ploughed back into the business.

Profits are the best protection and assurance a workman can have of better and better wages—if he uses efficiently the machines which profits buy. That labor leader knew what he was talking about when he said, "The worst crime against working people is a company which fails to operate at a profit."

Source: Bureau of Labor Statistics,
Federal Reserve Bank of New York & National Industrial Conference Board,
Monthly Letter on Economic Conditions, The National City Bank of New York.



**WARNER
&
SWASEY
Machine Tools
Cleveland**

YOU CAN MACHINE IT BETTER, FASTER, FOR LESS WITH WARNER & SWASEY TURRET LATHES, AUTOMATICS AND TAPPING MACHINES



Rubber muscles for jaws that chew rocks

A typical example of B.F. Goodrich product improvement

BY THE TIME it reaches the end of that roller coaster, a rock has become sand. Each climb carries it to a crusher that reduces its size—from big ones into little ones.

But the chains that drove that whole mass of equipment were always wearing out, and breaking. They had to be greased of course; the grease collected dust; the dust cut the chains. And when that mass of machinery stopped, costs mounted by the minute.

Rubber V belts were proposed, but the terrific loads would have stretched them into useless shape in no time.

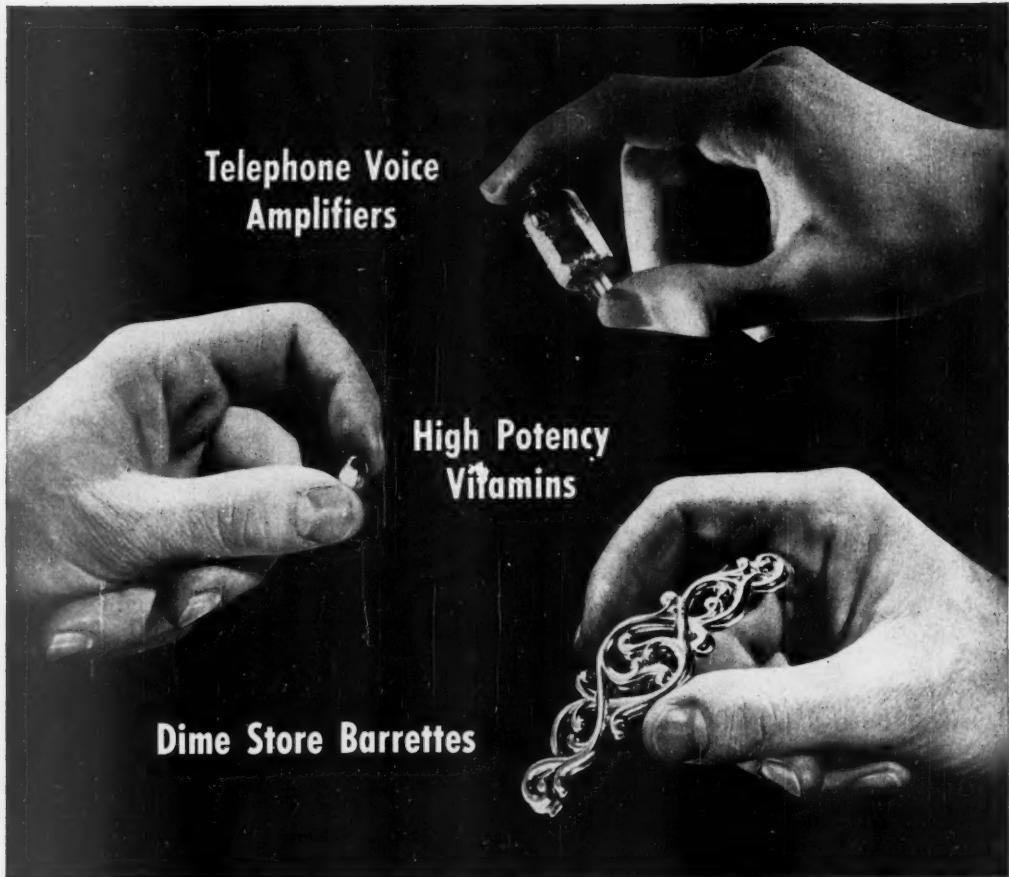
Just about then B. F. Goodrich developed a new kind of V belt—much stronger than other belts because of a new kind of reinforcement called a "grommet".

A B. F. Goodrich distributor suggested that the quarry owner replace the noisy, hard-to-maintain chain drives with these grommet belts. They were installed 7 years ago, have already lasted four times as long as the old-type drives, and are still going strong. They're clean and quiet—no grease or dirt, no clanking.

Improving products long considered

"standard" is day-by-day work for B. F. Goodrich engineers. Every one of the thousands of BFG products is subject to continual research and experiment to improve the product or develop useful new applications of rubber for industry. Thousands of business men come to B. F. Goodrich first, sure that BFG has or will find the answer to their problems. *The B. F. Goodrich Company, Industrial and General Products Division, Akron, Ohio.*

B.F. Goodrich
RUBBER FOR INDUSTRY



Telephone Voice Amplifiers

High Potency Vitamins

Dime Store Barrettes

...products of High Vacuum

YOU 'phone from coast to coast and converse as easily as though you were in the same room. The reason, a tiny electronic repeater tube that prevents voice fading. It works only because a high vacuum pump has exhausted air from the glass tube to a degree that closely approaches perfect vacuum.

Important vitamins for food fortification, pharmaceuticals and doctors' prescriptions are available at *moderate cost* because of high vacuum. Distilled under high vacuum the extract is purer—can be concentrated to high potencies.

Contrasting sharply to applications in the fields of electronics and bio-chemistry is the use of high vacuum in depositing metallic vapors on glass, wood, cloth, paper and plastics. Inexpensive but beautiful novelty jewelry, ornaments, barrettes, etc., are coated inside huge chambers from which air has been exhausted . . . a plating process that gives better results, cuts costs and permits bargain prices to a mass market.

These examples serve to emphasize the scores of different ways DPI high vacuum equipment is enabling new products and

better products to be made at lower costs.

Perhaps high vacuum can work for you. DPI can aid in research, in setting up pilot operations, and can advise on engineering and building complete installations for profitable commercial applications of high vacuum. We invite inquiry.

DISTILLATION PRODUCTS, INC.

739 RIDGE ROAD WEST, ROCHESTER 13, N. Y.

Distillers of Oil-Soluble Vitamins and Other Concentrates for Science and Industry;
Manufacturers of High-Vacuum Equipment.

DPI

HIGH VACUUM RESEARCH
AND ENGINEERING

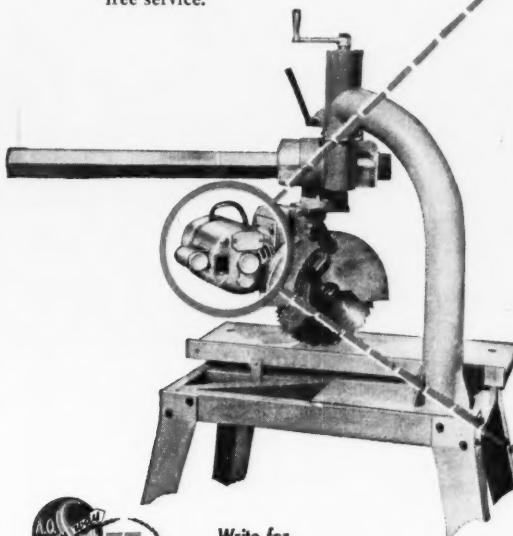
A. O. Smith Builds ELECTRIC MOTORS

for hundreds of products,
including Mooradian Swing,
Table, and Radial Saws

At A. O. Smith, where research itself has long been "big business," our research and engineering staff is at your disposal—to help integrate electric-motor design with your product design.

Typical of the many problems A. O. Smith has solved in engineering electric motors to specific product requirements is that of Mooradian Manufacturing Co., whose multi-purpose radial saw is pictured here.

If you are seeking improved performance in your product, or if you require special characteristics in your power component—in standard or custom-built motors—consult the A. O. Smith man. SMITHway Electric Motors are designed and built to bring to each application the maximum in compactness, safety, convenience, and trouble-free service.



Write for
Bulletin No. EM-152

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corporation

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MOORADIAN PORTABLE RADIAL SAW, product of Mooradian Manufacturing Co., Los Angeles 11, does the work of six machines. It has a wide range of uses, including compound miters. The operator can "gang-up" long pieces to cut multiple parts. Belt drive permits choice of many speeds not obtainable with direct-drive saws.

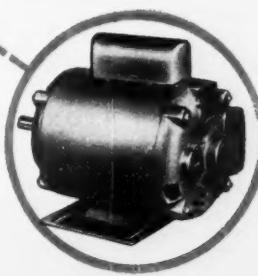
Says C. C. Compton, Mooradian general manager: "We especially prefer and recommend SMITHway high-speed motors because they are lighter in weight, less bulky, very powerful, and vibrationless. They deliver when the going gets tough, and make good clean cuts. They are ideal for woodworking equipment. We use them exclusively on our complete line of swing, table, and radial saws."

SMITHway ELECTRIC MOTORS for Mooradian Saws are 3450 rpm, single-phase, 115/230 v., capacitor start, $\frac{1}{2}$, $\frac{1}{4}$, 1, and $1\frac{1}{2}$ hp. Light, compact, with high breakdown torque, they have pre-lubricated, shielded ball bearings self-protected from sawdust and dirt. Modern SMITHway design makes them highly suitable for today's modern tool and machine designs.

ask the A. O. Smith man
about electric motors for both
standard and special uses

24-HOUR MOTOR SERVICE

The A. O. Smith Product Service Division provides fast, low-cost electric-motor service to more than 200 authorized service stations, on a 24-hour, off-the-shelf basis. Factory Service Branches and Warehouses at Union, N. J., Chicago, Los Angeles.



**Handling Work is
STOP
and GO...**

It's an intermittent service in which battery industrial trucks have many natural advantages. They start instantly, accelerate smoothly, operate quietly, give off no fumes, and consume no power during stops.

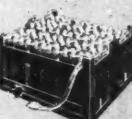
Battery trucks "deliver the goods" with double dependability when they are driven by EDISON Nickel - Iron - Alkaline Storage Batteries. With steel cell construction, an electrolyte which preserves steel, and a foolproof electrochemical principle of operation, they are the most durable, trouble-free and long-lived of all batteries.

If you do not already use EDISON, get a current price quotation . . . you will probably find initial cost *much lower than you think*; annual operating cost *less than you pay now!*

ADVANTAGES OF EDISON NICKEL-IRON-ALKALINE BATTERIES:
They're mechanically durable; electrically foolproof; quickly and easily charged; simple to maintain; not injured by standing idle.



EDISON
Nickel • Iron • Alkaline
STORAGE BATTERIES



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BUSINESS WEEK • JULY 30 • NUMBER 1039

(with which are combined *The Annals* and *The Magazine of Business*) • Published weekly by McGraw-Hill Publishing Company, Inc., James H. McGraw (1869-1948), Founder and *President*; John E. McGraw (1872-1948), Vice-President and *Editor-in-Chief*; John W. McGraw, Jr., Vice-President and *Editor*; Curtis W. McGraw, Vice-President and *Editor*; Edward C. Sturm, Vice-President, Publications Division; Nelson Bond, Vice-President and Director of Advertising; Joseph A. Gerardi, Secretary.

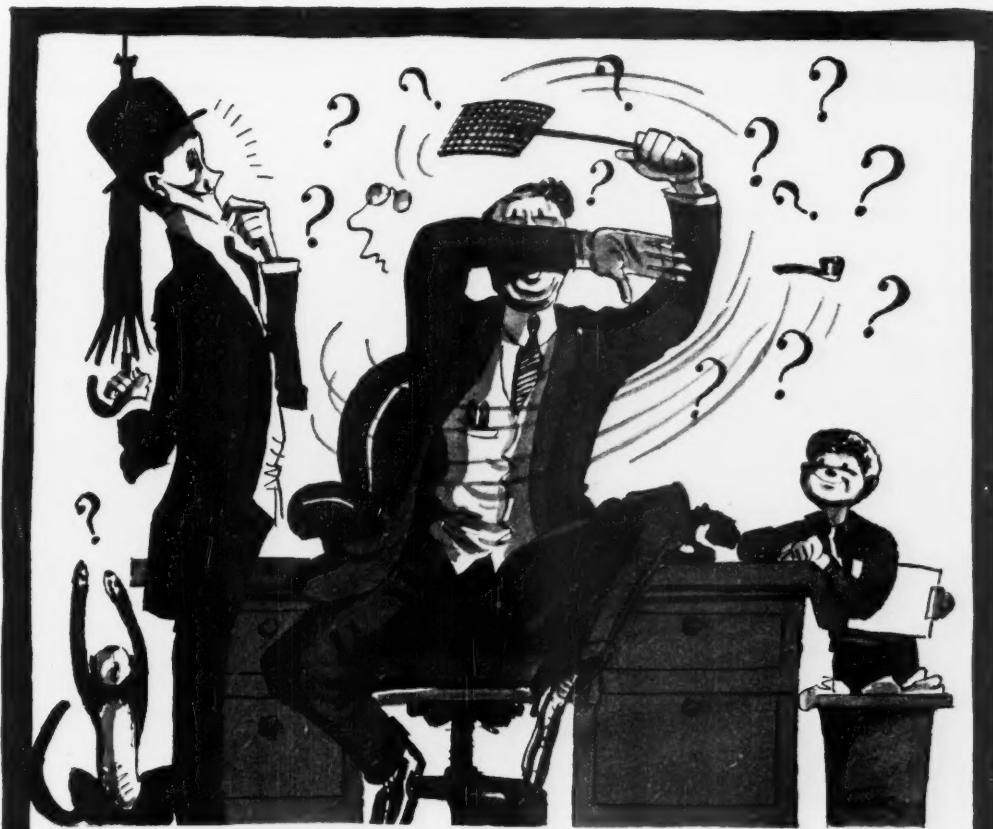
Address correspondence regarding subscriptions to J. E. Blaikie, Jr., Manager of Subscriptions and Circulation, Business Week, 99-129 N. Broadway, Albany 1, N. Y., or 330 West 42nd St., New York 18. Allow ten days for change of address.

Subscriptions to Business Week are solicited only from management-men in business and industry. Position and company connection must be indicated on subscription orders. Single copies, 25c. Subscription rates — United States and possessions \$6.00 a year, Canada \$7.00 a year. Pan American \$10.00 a year, Australia \$12.00 a year, South Africa \$12.00 a year. Entered as second class matter, Dec. 4, 1936, at the Post Office at Albany, N. Y., under Act of Mar. 3, 1879. • Printed in U. S. A. Copyright 1949 by McGraw-Hill Publishing Co., Inc. • All Rights Reserved.

THE MAN WHO WAS BOthered BY QUESTION MARKS!

(A sincere ad)

by Mr. Friendly



He said he'd rather see spots and sparks
Than all those awful?????????????
With rising costs and accidents
His questions were all about \$\$\$\$\$ and ¢¢¢¢¢.

How could he save on the \$ \$ \$ \$ \$ he spent?
When prices were up a frightful %!
He asked himself how? And what? And when?
And he asked again and again and again!

(Then Mr. Friendly appeared and said, "Hold on! Our special I.E. Loss Control* service has reduced accidents and premiums and increased production in actually hundreds of cases! . . . And American Mutual still gives you the chance to save up to 20% through dividends!")

The man signed up and the very next day
His ????????????? had gone away!
The money he saves makes him feel very fine
Now, whenever he looks, there's a fat \$ sign!

AMERICAN MUTUAL

...the first American liability insurance company

© 1940, AMERICAN MUTUAL LIABILITY INSURANCE COMPANY



The biggest extra in insurance . . . that's I. E. Loss Control, a special service, at no extra charge with every industrial policy. Ask your American Mutual man to tell you how this service works. Write for free copy of "The All-American Plan for Business" or "The All-American Plan for the Home." American Mutual Liability Insurance Co., Dept. B-63, 142 Berkley St., Boston 16, Mass. Branch offices in principal cities. Consult classified telephone directory.*

*Accident prevention based on principles of industrial engineering.



Contacting a customer in Colombia...

If you have business in other countries, you'll find the telephone a big help. You can discuss matters in person with your clients or prospects . . . reach full agreement on all transactions . . . often in a single call.

And there's nothing quite so heartwarming as hearing the voices of friends or relatives across the oceans. It costs surprisingly little to talk to them regularly by telephone.

Most countries around the world can be reached from your own telephone today. Just say to the Long Distance operator, "I want to make an overseas call."

is easier to do by telephone!



BELL SYSTEM OVERSEAS TELEPHONE SERVICE



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THE COVER

Last year the government of Iran wanted somebody to plan and administer a program to start the country on the road to 20th century living. It was obvious that no one engineering firm could do the job alone.

• **Logical Choice**—So Iran picked Overseas Consultants, Inc., New York, an organization that commands the talent of 11 major U. S. engineering and construction companies. They are: The American Appraisal Co.; Coverdale & Colpitts; Ebasco Services, Inc.; Ford, Bacon, & Davis, Inc.; Jackson & Moreland; F. H. McGraw & Co.; Madigan-Hylund; Sanderson & Porter; Standard Research Consultants, Inc.; Stone & Webster Engineering Corp.; and J. G. White Engineering Corp.

O.C.I. was formed in June, 1947, to advise the U. S. government on what could be taken out of Japan as reparations. When the job was done, the group disbanded.

For the Iran project (potentially a \$650-million undertaking) O.C.I. reincorporated. O.C.I.'s practical approach to world development makes it look fairly sure that other countries particularly in the Middle East and in South America will want the Consultants to handle their modernization programs.

• **People**—John R. Lotz, chairman of Stone & Webster Engineering, is O.C.I.'s chairman. Clifford S. Strike, president of F. H. McGraw, is president. Between them, these two men have had their fingers in almost \$3-billion worth of engineering and construction jobs during their lives.

Lotz joined Stone & Webster back in 1907, six years after he got his B.S. from the University of Illinois. He was made chairman in January, 1945. One of his company's biggest jobs (cost: \$400-million) was the design and construction of the atomic energy plant at Oak Ridge.

Strike, another product of the University of Illinois, joined F. H. McGraw in 1929. In 1942-43, Strike as company president handled \$100-million worth of contracts at one time.

—Article on modern world development starts on page 77. Cover photo by Dick Walters.

TS

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FOR SALE
OR LEASE!

The New Remington Rand READER-DESK

NOTE THESE FEATURES

Single operating control



Fast, simple film loading



All operations while seated



More finding efficiency for ALL Microfilm Users

Now for the first time you can rent this highly efficient microfilm reader at low monthly rates. Regardless of the type of microfilm equipment you use, this new Reader-Desk will give you faster, easier reference to your microfilm records.

This new Reader-Desk was designed for greater operator comfort, convenience and efficiency. All operations and adjustments are made from a seated position. A single operating control advances film in either direction at any speed up to more than 100' per minute. The operator's right hand is free for checking or transcribing. There is plenty of desk space for papers or a calculating machine. The operator has ample leg room.

The screen is scientifically coated and tilted to assure clear images and prevent eyestrain. A hood eliminates annoying light reflections, and may be lowered to cover and protect the screen when the Reader-Desk is not in use. Images remain in constant focus at all readable speeds.

Investigate the advantages this new Reader-Desk will bring to your microfilming operations. Remember, you can rent or purchase. Ask, too, about Microdex, our system of indexing film, and about our new camera for 8mm photography. **WRITE FOR FREE ILLUSTRATED BOOKLET** to Remington Rand Inc., Room 262, Photo Records Division, 315 Fourth Ave., New York 10.

**FOR GREATER BUSINESS EFFICIENCY—
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Remington Rand



Space Saver

SPACE is at a premium in commercial and industrial buildings. And that's one reason why American-Standard Baseboard Radiant Panels have been so warmly received.

For this most advanced form of radiant heating is a space saver, indeed. The baseboard panels, when recessed, take up less than *one inch* of floor space! They replace regular baseboards and become an integral part of the room—just as they have done successfully in homes throughout the country.

Yet their careful and accurate balancing of heating surface with internal steam or water circulation assures maximum transfer of heat to surrounding air, means healthful, even warmth throughout the room.

These panels were developed in the American-Standard Institute of Heating and Plumbing Research. And they are typical of the wide variety of heating and plumbing products specially developed by American-Standard to do specific jobs.

They are a reflection, too, of the insistence on product quality that has made American-Standard "First in Heating, First in Plumbing."

American Radiator & Standard Sanitary Corp.
General Offices: Pittsburgh, Pennsylvania



Look for this Mark of Merit

Serving home and industry: AMERICAN-STANDARD • AMERICAN BLOWER • CHURCH SEATS • DETROIT LUBRICATOR • KEWAHEE BOILER • ROSS HEATER • TONAWANDA IRON

AMERICAN-Standard

First in heating... first in plumbing

BUSINESS OUTLOOK

BUSINESS WEEK
JULY 30, 1949



Business recovery is spreading beyond the soft goods. Improvement now is to be seen in consumers' hard goods and in many basic raw materials.

Sure, over-all activity for July will be down from the Federal Reserve Index rate of 169 in June. But due to gains in the last couple of weeks, it won't be down so much as most analysts had expected.

And a steady—if not actually rising—trend is indicated for August.

There is one danger in recent business improvement: It may be coming too soon; prices and inventories may not have been washed down enough.

If that proves true, it could mean a relapse next winter.

Thus, the pattern (in terms of the Federal Reserve Board's Index) might be something like this: summer's low, in July, around 165; a moderate rise, August through November; a dip again during the winter scooting to a low for the postwar "adjustment" of around 160 early next spring.

Raw materials prices definitely turned up in July. The bulge isn't big, maybe it's temporary. Anyhow, it's the first rise in a year.

This can signal only one thing: Inventories aren't being reduced so fast as they were during the first half of this year.

Most significant moves so far have been in price-sensitive raw materials at the spot commodity level.

The daily index of 28 such commodities, compiled by the Bureau of Labor Statistics, rose steadily during July.

True, the aggregate gain wasn't large—around 3%. But it followed a year of steady decline totaling over 30%.

Retail prices haven't followed raw materials higher—so far.

Many manufacturers still are cutting prices. Westinghouse Electric slashed radios, American Woolen cut fabrics this week.

Meantime, the year's slide in wholesale prices by no means matches the drop in volatile raw materials. Wholesale prices are down about 15 points, or less than 10%, from last August's peak of 169.9 (1926 equals 100).

And wholesale prices, for all the factory cuts, turned up in July.

What's the outstanding hard-goods trend? Maybe more orders for steel. Maybe higher prices for nonferrous metals. But most likely it is the turn for the better in sales of appliances and other household equipment.

Hotpoint, Inc.: James J. Nance,* president, says flatly the appliance industry has hit bottom (though he doesn't see a sharp recovery in 1949).

Apex Electrical: Employment will rise to 1,663 in August, up 67% from May. After a dismal winter, sales began to rise in the second quarter.

Newark (Ohio) Stove: 150 workers, furloughed last February, are being recalled to open a second production line for electric stoves.

Appliances and kitchen equipment are gaining because home building is holding up particularly well. But manufacturers feel it mainly because last winter's burdensome inventories have been pretty well liquidated.

New orders for steel are picking up a bit, Iron Age reports this week. Customers can't get promises of quite such prompt delivery. And the indus-

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
JULY 30, 1949

try's operating rate has bounced back above 81% of capacity, up 3 points. Meanwhile, demand for nonferrous metals continues good.

Lead and zinc both went up fractions of a cent at the start of the week. Lead added another $1\frac{1}{2}$ ¢ a lb. on Wednesday.

However, the suspicion is that most users still have a good bit of inventory that they haven't used up. New orders now may just be borrowing from sales that otherwise would be made later in the year.

This applies particularly to steel. A strike still is possible. Consumers are balancing inventories—or even building them up to play safe.

Confusion was general this week about (1) how much of current steel output is for present needs, and (2) how much is on forward orders.

Irving S. Olds, U. S. Steel's chairman, did little to clarify this when he pointed out that: During the first 20 days of July, shipments by U. S. Steel were at the rate of 70.3%; new orders continued to decline. Yet output of ingots in the week ended July 23 was at 80.9% of capacity.

Is Big Steel stocking against a possible rush of prestrike orders?

Consuming industries cut their copper stocks again in June. But their supplies still are large at present operating rates.

Copper contained in products shipped last month totaled 70,916 tons. That is up smartly from the low of 61,383 in May; yet it compares with a total as high as 109,551 tons as recently as last January.

Inventories of these fabricators fell from 367,000 tons at the end of May to 341,500 in June. End-of-June stocks might not have looked high at the January operating rate, but they average nearly five months' needs at the rate copper was being used in June.

One sustaining factor in copper: Brass mill vacations cut two weeks out of consumption—but when the mills reopened, they generally were on a more active basis than before the holiday.

Most now are on a four- or five-day week, against three before.

Nobody is looking for a resumption of the boom in brass. But the improvement is a help in both copper and zinc markets.

Bankers are in a position to give things a good boost whenever signs of a sound recovery in business may appear.

The Federal Reserve member banks which report each week now have cut their business loans from \$15.6-billion last December to \$13-billion. The total is nearly \$1½-billion under the same date last year.

Yet this has been done without putting the thumbscrews to the borrowers. Neither banks nor business has been hurt.

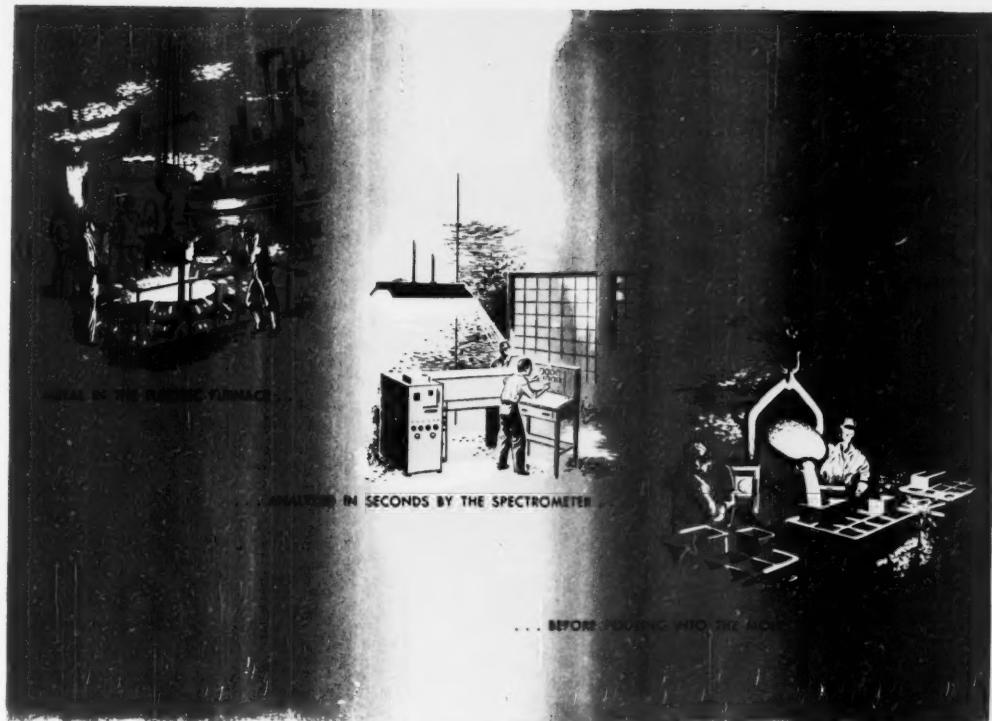
Interest rates have remained low, real cases of credit stress rare.

Business at present isn't particularly dependent on the banks.

Working capital has been increased by liquidation of inventories.

Receivables have been turned to cash as finished goods moved from the hands of wholesaler and retailer to the consumer. Some bank loans have been paid off by selling securities (particularly to insurance companies).

But the pickup in orders for raw materials signals a turn of the tide. Ample funds in the hands of banks (page 60) are a heartening sight.



Harnessing the Rainbow

TO IMPROVE THE UNIFORMITY OF CASTINGS

Seconds instead of hours! This striking saving in time achieved by the spectrographic analysis process enables the foundry to determine the exact composition of the metal *before* it is poured into castings. In this method, the spectrum of the iron and steel alloy is reviewed and interpreted by a series of complicated electronic instruments and the analysis is read directly from dials. The old method of chemical analysis took so long that errors could be detected only *after* pouring.

The original industrial application of the spectrographic process was developed by Campbell, Wyant and Cannon Foundry Company in collaboration with

the University of Michigan. Now, C.W.C. becomes the first foundry to employ this newer and even more efficient direct-reading spectrometer.

The development of *precision controls* of the casting process like this, together with advanced *metallurgical research* and the *mechanization of production*, have made C.W.C. "the source of most that is new in casting iron and steel." For over forty years executives in many fields of industry have been drawing upon the resources of Campbell, Wyant and Cannon to improve their products, reduce their costs and strengthen their leadership in industry.

CAMPBELL, WYANT AND CANNON FOUNDRIES
MUSKEGON, MICHIGAN
Young Street Plant • Sanford Street Plant • Broadway Plant
LANSING, MICHIGAN
Cannondale Foundry Co.

SOUTH FLAHER, MICHIGAN
Marine Motor Castings Div.



Campbell, Wyant and Cannon
Foundry Company MUSKEGON, MICHIGAN

Coal can do a slow burn too



**Coal acids burn ordinary metal
cars destructively. But aluminum hopper cars
don't even need painting! Because ALUMINUM LASTS**

The sulfur compounds present in many coals need only moisture to form destructive acids that shorten the life of ordinary coal cars. Nature made aluminum highly resistant to such acids. But a lot of things had to happen, before aluminum hopper cars could roll.

Alcoa made those things happen.

To make aluminum plate strong as steel, someone had to pay for the time of hundreds of metallurgists, who mixed and tested thou-

sands of aluminum alloys to find the right one. Alcoa made that investment. Giant rolling mills had to be set up. Alcoa made that investment, too.

Scores of such investments are behind Alcoa Aluminum, to make aluminum articles that are better buys for you.

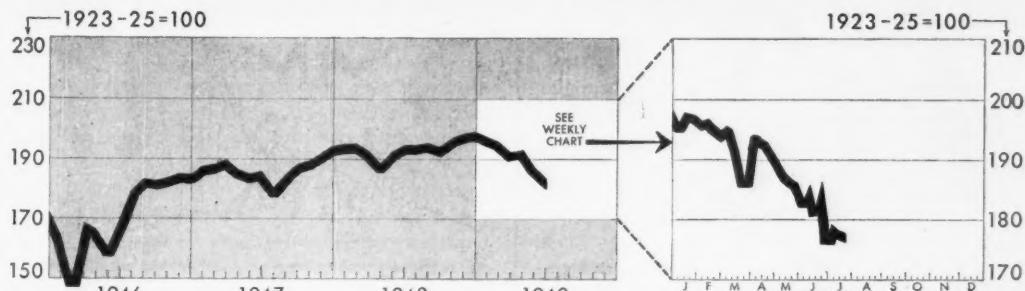
ALUMINUM COMPANY OF AMERICA, 6276 Gulf Building, Pittsburgh 19, Pennsylvania. Sales offices in principal cities.

ALCOA

FIRST IN ALUMINUM
THE METAL THAT LASTS



FIGURES OF THE WEEK



Business Week Index (above)

PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot operations (% of capacity)	81.5	78.3	79.9	93.1	97.3
Production of automobiles and trucks	156,100	156,436	153,001	118,797	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$26,932	\$29,066	\$32,211	\$24,035	\$19,433
Electric power output (million kilowatt-hours)	5,462	5,342	5,466	5,342	3,130
Crude oil (daily average, 1,000 bbls.)	4,685	4,671	4,889	5,448	3,842
Bituminous coal (daily average, 1,000 tons)	1,100	1,045	369	2,037	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars)	68	69	71	78	86
All other carloadings (daily average, 1,000 cars)	53	55	38	70	52
Money in circulation (millions)	\$27,366	\$27,480	\$27,345	\$27,864	\$9,613
Department store sales (change from same week of preceding year)	-9%	-7%	-8%	+9%	+17%
Business failures (Dun & Bradstreet, number)	182	167	196	91	228

PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100), June	169.6	169.2	171.7	105.2
Spot commodity index (Moody's, Dec. 31, 1931 = 100)	340.0	341.7	335.4	432.6
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	213.1	212.2	207.8	276.9
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	297.1	299.0	294.0	378.8
Finished steel composite (Iron Age, lb.)	3,705e	3,705e	3,705e	3,721e
Scrap steel composite (Iron Age, ton)	\$19.33	\$19.33	\$19.33	\$43.16
Copper (electrolytic, Connecticut Valley, lb.)	17.625e	17.625e	16.000e	21.500e
Wheat (Kansas City, bu.)	\$2.03	\$2.05	\$1.98	\$2.19
Sugar (raw, delivered New York, lb.)	5.79e	5.80e	5.87e	5.73e
Cotton (middling, ten designated markets, lb.)	31.63e	32.13e	32.56e	34.05e
Wool tops (New York, lb.)	\$1.631	\$1.617	\$1.586	\$1.941
Rubber (ribbed smoked sheets, New York, lb.)	16.40e	16.56e	16.45e	24.88e

FINANCE

90 stocks, price index (Standard & Poor's Corp.)	118.9	117.9	111.9	128.8	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's)	3.45%	3.45%	3.48%	3.38%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's)	2.65%	2.66%	2.71%	2.82%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	11-12%	11-11%	11-13%	11%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	11-12%	11-11%	11-11%	11%	1-1%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks	46,472	46,035	46,319	46,726	4127,777
Total loans and investments, reporting member banks	63,264	62,855	62,606	63,175	4132,309
Commercial and agricultural loans, reporting member banks	12,875	12,972	13,292	14,502	416,963
Securities loans, reporting member banks	2,009	1,867	2,322	1,797	411,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks	35,507	35,254	34,515	34,879	415,999
Other securities held, reporting member banks	4,773	4,700	4,529	4,318	414,303
Excess reserves, all member banks	950	930	970	723	5,290
Total federal reserve credit outstanding	19,096	19,279	20,113	21,888	2,265

*Preliminary, week ended July 23rd.

†Estimate (BW—JUL. 12 '47, p. 16)

‡Date for "Latest Week" on each series on request.

†Revised.



1. Anne and Tim, the touring kids, with Dad and Mom in tow, and baby brother Steven, knew exactly where to go. They always stayed at Statler, for the Statler had, they knew, some special *tourist services* for kids and parents, too.



2. A friendly Statler "Service Aide" helped out in many ways. She told them where to see the sights and helped them plan their days. She knew the score on shows and such, and where to find the shops, and made them feel so much at home the kids exclaimed: "She's tops!"



3. The Statler had a lot of things the family thought were swell—fresh fruit delivered for the kids—a gift from the hotel. The Statler's famous beds for all (a Statler crib for Steve). A sitter for the evening hours so Pop and Mom could leave.



4. Tim cried: "The food at Statler's YUM!" Said Anne, "You mean *delicious*, we liked the *children's menu*, too, the silver and the dishes. And Statler gives us free balloons!" Said Mom, "That isn't all . . . the Statler will fix formulas for babies that are small."



5. When Anne and Tim, Steve, Dad and Mom were ready to depart, the good box lunch they'd ordered was ready for their start. And Statler's Service Aide was there with maps to help them through. (When next you take a family trip, won't you try Statler, too?)



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WASHINGTON OUTLOOK



TRUMAN'S ARMS-AID PLAN means—for certain—that Congress can't quit work before Labor Day. The reaction it is getting is so divergent that there will be weeks of debate—in committee and on the floor—before any program can come up for a vote.

Congress already was so far behind in its work that the July 31 target date for adjournment was out of the question.

It still has to vote on more than half the appropriations bills to run the government for the fiscal year already begun. Then there are two or three other items in Truman's social program that are still on the "must" list—higher minimum wage, reciprocal trade, farm-price supports.

There's even a chance that Congress may have to stay on into the fall.

The arms program Truman asked for had more in it than even his own congressional leaders expected. True, the first-year cost—\$1.4-billion—was no surprise. But the broad power Truman wants to allot arms as he sees fit would give him practically a new lend-lease—checked neither by Congress nor by the Atlantic Pact Military Council.

Sen. Vandenberg says the plan must be rewritten and scaled down. Most congressmen—Democrats and Republicans—agree with him.

So the bill that emerges will provide about half the money, and sharply curbed powers.

Here's how Congress is likely to dispose of other major bills:

The minimum wage will go up to 60¢-65¢ per hour.

Reciprocal trade will be revived, but with Republican "peril points" included.

Farm prices will continue high; Secretary of Agriculture Brannan may get to make a trial run on his direct-subsidy scheme (page 21).

The tidelands dispute has been settled so far as division of oil royalties is concerned. But federal and state officials have handed over to Congress the big decision: Which side is to control leasing and development?

There's a 50-50 chance Speaker Rayburn and Sen. O'Mahoney can get a bill passed that would: (1) give the states a two-thirds share of royalties and the federal government one-third on off-shore production within the three-mile limit; a 50-50 split beyond that; (2) set up a joint board to handle leasing and development.

The fight will be on whether the states or the federal government have majority membership on the board.

ECA second-year funds finally will be voted at about 10% short of what Hoffman asked. Aid to Franco Spain is out.

Action on Sen. Murray's economic-expansion bill, on Point 4, and on Social Security is out of the question until next year.

•

FEDERAL MEDIATION of small strikes is one weapon the Administration is using to fight unemployment in New England and other distress areas.

Heretofore, government conciliators have been concentrating on large-scale disputes in basic industries, like steel, that could slow the whole economy down—disputes involving tens of thousands of workers.

Now, Cy Ching is sending top mediators to settle walkouts involving as few as 200 men. Example: Bill Margolis, assistant director of the Conciliation Service, is stepping into the Bristol Brass strike in Connecticut where a wage deadlock keeps 300 workers idle.

•

TAX RELIEF for Point 4 investors is under consideration to entice U.S. capital into underdeveloped areas.

The State Dept. has asked the Treasury to work out some scheme to ease the extra load the tax laws put on foreign-earned income.

As things stand now, it is hard to get corporations to take on the added risks of foreign investment when they face what is, in effect, triple taxation—taxes put on corporate income abroad and in the U.S., plus the personal income taxes on dividends.

Of course, the Bureau of Internal Revenue now gives corporations some credit for taxes they pay abroad. But these credits are limited to only a percentage of their total U.S. tax liability. Moreover, tax incentives of foreign governments offer little to the American businessman because his federal tax becomes correspondingly higher.

•

The solution that Treasury people are kicking around is this: have BIR allow full credit for all taxes paid abroad on earnings under the Point 4 program.

Probably the one qualification for getting this relief would be U.S. approval of your enterprise—

WASHINGTON OUTLOOK (Continued)

that is, that your operation would help develop backward areas.

Something much like this was used to encourage investments in China after World War I, and in South America during World War II. Both the China Trade Act and the Western Hemisphere Trade Corporations Section of the 1942 Revenue Act have been used little in recent years—but they are precedents for similar aids to Point 4 investments.

BRIDGE CANYON DAM—the power unit of Arizona's irrigation-and-power program for the Colorado River—will get a go-ahead from Congress this year. But the irrigation project won't.

The decision is the easy way out for Congress. Arizona wants both irrigation and power so kilowatt revenues can reduce charges farmers have to pay for irrigation. But California opposes diversion of Colorado River water.

Bridge Canyon will provide power badly needed in both states—using but not consuming water.

PROPELLER-DRIVEN fighter planes are back in the Air Force's plans again. The aim is to rebuild the tactical air force for support of ground troops.

The Army has been grumbling for months that Air Force concentration on the B-36 and jet fighters has relegated the ground-supporting arm to a paper status.

So, to keep the Army on its side in the fight with the Navy, the Air Force is going back to work on tactical operations.

Propeller-driven planes are more maneuverable, better suited for low-level strafing and bombing. That's why the Air Force is shopping around for up-to-date prop-driven planes, such as the Navy uses.

AFL'S COURT for settling jurisdictional disputes in the building trades isn't going to be junked after all. A recheck on the popularity of the plan since Taft-Hartley repeal failed shows only Hutchinson's carpenters and Tracy's electricians ready to drop it; 17 crafts still want it.

Contractors are willing to go on with the deal if they get assurances that the two recalcitrants will stay in line.

YOU, TOO, CAN PROSPECT for uranium. All you need is the Atomic Energy Commission's new manual: "Prospecting for Uranium."

It's written in simple language, and tells how to use a Geiger counter. The handbook is available at the Government Printing Office; price, 30¢.

THE GENERAL GOES TO SEA

This week, after two months as chairman of the Maritime Commission, Maj. Gen. Philip B. Fleming sat down with President Truman to report on how things are going.

Truman had given Fleming the job of overhauling the commission—which had been known as one of the most poorly run agencies in town. Specifically, he was told to end delays in fixing rates, work off the backlog of pending business, give direction to commission policy.

At first glance you wouldn't say Fleming was the logical man for the job. He's an old-line ground soldier who would have a hard time telling a binnacle from a barnacle. In fact, he still calls a ship a boat. But Fleming has a fine record of government administration—as Ickes' deputy in public works, as Wage-Hour Administrator and as Federal Works Agency chief.

At the Maritime Commission he took over handling of a \$130-million-a-year budget, management of more than 2,300 merchant ships. This means paying subsidies, fixing routes, O.K.'ing ship design, training seamen.

In two months at the commission, Fleming has done a lot to make it ship-shape.

He has rewritten the standard contract the commission makes with subsidized shipping lines, badly needed since the war's end.

He called hearings and got a decision—all in one day—on charter rates, a problem that had hung unsettled for two and a half years.

He has started to plan for mobilization of trooperships, tankers, and freighters in case of war.

But some of his biggest problems are still ahead: settling wartime contracts and claims; scheduling replacement of the war-built fleet which will become obsolete practically all at once; selling Congress on underwriting a merchant marine big enough for any job.

Fleming gets new powers to meet these problems when the President's Reorganization Plan No. 6 goes into effect next month.

As chairman, he becomes the operating head of the commission with authority to hire and fire, carry out commission-set policies.



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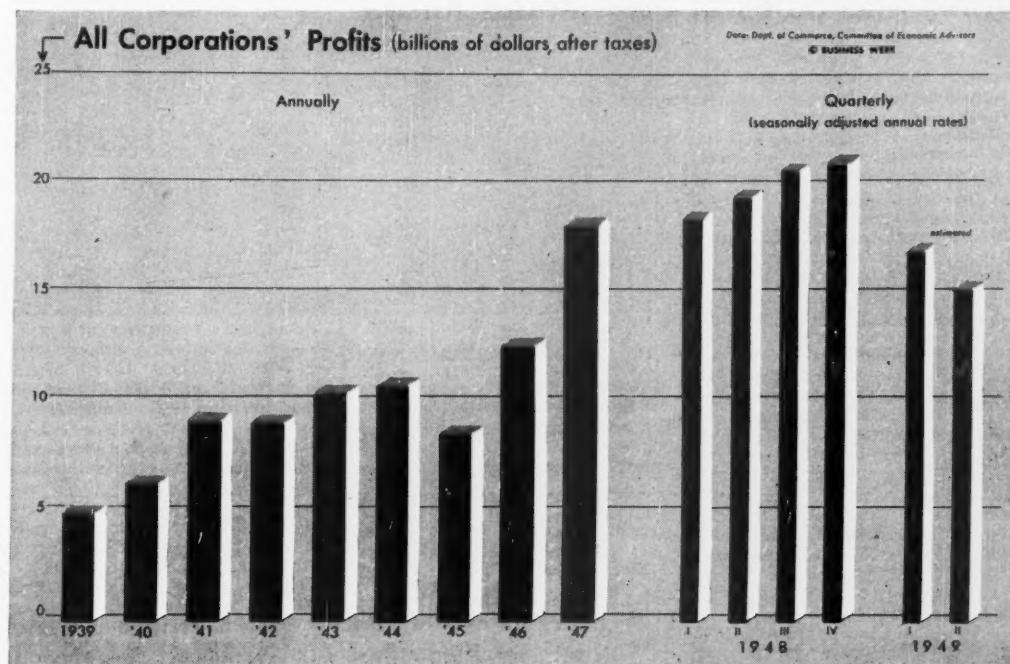
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Corporate Earnings Slip, but They're Still Healthy

General trend is markedly down in second quarter, but there are many individual exceptions. Inventory losses, costs are factors.

There's no doubt that the recession is taking a whack out of corporate earnings as a whole. That much is obvious from the second-quarter reports that were flooding in this week.

• **Silver Lining**—But it's equally true that it's not a picture of universal gloom. Quite a few companies are still able to post gains in sales and earnings. Many more show only small declines from last year's sky-high levels.

E. I. du Pont, for instance, racked up earnings of 91¢ a share in the second quarter this year against 67¢ for the same period last year.

Libbey-Owens-Ford Glass checked in with profits of \$5.2-million in the June quarter, against \$3.9-million in 1948. President John D. Biggers reported that sales for the quarter were the highest in the company's history, both in dollars and in physical volume.

Studebaker netted \$6.5-million in the second quarter on sales of \$125-million. In the same period last year it had earnings of \$3.9-million, sales of \$92.5-million.

• **Other Side**—These are the exceptions, of course. At the other end of the line you have companies like Bendix Home Appliances, which dropped from a net of \$901,000 in the second quarter of 1948 to a deficit of \$40,000 in the second quarter this year.

Diamond T Motor Car, hard hit like all the truck manufacturers, barely squeezed a \$39,000 profit out of its second-quarter operations this year. In the same quarter last year it cleared \$372,000.

Shell Union Oil saw its net drop from \$26.9-million to \$16.1-million with sales practically unchanged. General Electric's income shrank almost \$10-

million when sales dropped \$16-million. • **CEA Estimates**—To put all these reports into perspective, look at the estimates of total corporate profits released by the Council of Economic Advisers.

According to CEA, corporate earnings after taxes hit a seasonally adjusted annual rate of \$21.2-billion in the final quarter of 1948. The actual total for the year was \$20.1-billion.

In the first quarter of 1949, profits dropped to an annual rate of \$17.2-billion. And the second quarter took them on down to a \$15.3-billion rate.

• **Role of Inventories**—One reason for the drop was a decline in corporate sales. Another has been inventories.

Last year, when prices were rising, corporations were making paper profits on inventories, counting them in with their regular earnings. This year, when prices are falling, inventory losses are pulling down the profits total.

• **Optimists**—Some companies are still optimistic about the remainder of 1949 as far as their own business goes. For

example, John A. Hill, president of Air Reduction, told his stockholders: "Despite the many evidences of a decline in general business activity . . . I am still hopeful that business will continue at

a relatively high level and that net profits of the company in 1949 will be better than in 1948."

• **Worry**—Most businessmen, however, would be glad enough to forget about

1948 if they felt that earnings would stabilize where they are now. Corn Products Refining voices a fairly general worry: "How far the correction in general business will go before the upturn occurs is a question which concerns our entire economy."

The second quarter this year was the first time that you could see drops in sales and earnings running through the entire list of corporations. Up until then, the signs of trouble were concentrated in a few industries.

Now the picture is much more mixed. Wide variations show up from company to company in the same industry. There are few lines that seem uniformly prosperous, equally few in which all companies show big drops.

• **Steel**—The smaller steel companies were generally down in the second quarter. This reflects the end of the steel shortage and the cutback in orders.

Acme Steel's income was cut in half, in comparison with 1948, although sales were about the same. Detroit Steel's net dropped from \$1,149,000 in the second quarter of 1948 to \$699,000 this year.

Giant U. S. Steel made a surprisingly good showing. Net profit for the June quarter was \$44-million. This was down from the \$50-million Big Steel earned in the first quarter this year; but it was far above the \$25-million it netted in the second quarter of 1948.

• **Textiles**—In the textile industry, where the recession hit first, it was equally hard to find a pattern. Industrial Rayon showed only a small drop from 1948. It cleared \$2.4-million in the second quarter this year against \$2.9-million in the same period of 1948. Pacific Mills tumbled from \$2.7-million in the June quarter last year to a scant \$59,000 this year.

• **Others**—Outside of manufacturing, the earnings trend is likewise mixed, though generally down. The outlook for the utilities is fairly good (BW—Jul. 2 '49, p52). But the rails are running into more and more trouble. Traffic is still falling off; costs are up; and the Interstate Commerce Commission is dragging its feet on rate increases.

• **Costs vs. Sales**—The big problem for all corporations now is to get costs down into line with the somewhat shrunken level of sales. Estimates by the Securities & Exchange Commission and the Federal Trade Commission show that whereas in the first quarter sales of all manufacturing corporations dropped 9% below the fourth quarter of 1948, costs dropped only 7.5%. So profits were off about 18%.

The Council of Economic Advisers figures that corporations netted about 5.3% on sales in 1948. During the first quarter of 1949 this margin dropped to 4.8%. And in the second quarter it was lower still.

Profits and Sales of 50 Manufacturers

	2nd Quarter		2nd Quarter	
	Earnings 1949	Sales 1948	Sales 1949	Sales 1948
(figures in millions)				
Acme Steel.....	\$1,112	\$2,478	\$14,078	\$14,699
Admiral Corp.....	1,619	707	29,597	15,382
Air Reduction.....	1,524	1,667	22,699	23,483
Allen Industries.....	258	302	5,754	6,204
Atlas Powder.....	453	316	9,402	10,736
Bendix Home Appliances.....	D40	901	7,054	12,422
Budd Co.....	3,499	2,258	70,335	55,673
Buffalo Forge.....	569	700	5,281	5,154
Caterpillar Tractor.....	3,843	D1,084	62,949	33,195
Container Corp.....	1,636	2,103	26,892	31,012
Continental Steel.....	211	406	7,079	7,137
Corn Products Refining.....	2,357	3,070	N.A.	N.A.
Detroit-Michigan Stove.....	111	617	2,176	6,173
Detroit Steel.....	699	1,149	6,611	6,959
Diamond T Motor Car.....	39	372	5,240	10,298
Douglas Aircraft.....	975	401	26,254	27,545
Emsco Derrick & Equip.....	152	475	3,402	4,643
Feeders-Quigan.....	760	434	9,313	5,138
General Electric.....	19,850	29,213	390,141	406,804
General Foods.....	6,800	5,742	112,600	104,540
General Portland Cement.....	1,404	1,044	5,473	4,735
General Time.....	566	790	7,373	8,150
Gillette Safety Razor.....	2,226	3,355	20,237	20,193
Hercules Powder.....	2,405	2,744	30,237	32,374
Howe Sound.....	258	570	4,570	4,652
Industrial Rayon.....	2,409	2,918	N.A.	N.A.
Interlake Iron.....	1,200	1,224	13,036	14,142
Johns-Manville.....	2,882	3,301	38,158	39,934
Libbey-Owens-Ford Glass.....	5,210	3,947	N.A.	N.A.
Liggett & Myers Tobacco.....	7,399	6,316	274,210	267,075
Martin-Parry.....	354	485	3,561	4,040
Mathieson Chemical.....	2,074	1,066	N.A.	N.A.
Mead Corp.....	404	1,176	16,231	19,441
Monarch Machine Tool.....	163	147	2,113	2,082
Monsanto Chemical.....	3,528	4,121	38,453	40,265
National Biscuit.....	5,759	5,446	74,817	72,488
National Cash Register.....	2,741	3,544	43,971	43,138
National Gypsum.....	900	1,816	12,811	16,508
Pennsylvania-Dixie Cement.....	746	771	4,828	5,115
Pennsylvania Salt.....	715	479	8,500	8,400
Rheem Mfg.....	581	840	12,806	13,670
Rohm & Haas.....	1,238	1,014	16,536	15,770
Sharp & Dohme.....	1,801	767	9,246	7,963
Shell Union Oil.....	16,120	26,881	192,754	192,841
Standard Steel Spring.....	1,714	1,066	N.A.	N.A.
Studebaker.....	6,517	3,875	124,508	92,504
Texas Gulf Sulphur.....	6,593	6,404	16,286	16,109
United States Steel.....	44,124	25,586	647,046	578,435
Union Bag & Paper.....	1,091	3,621	13,047	19,076
Wm. Wrigley, Jr.....	3,646	3,001	18,164	14,810
N.A.—Not available. D—Deficit.				



Life Insurance Company Buys Model Village

The New England Mutual Life Insurance Co. has found it cheaper to buy rental housing than to build it. The company has just bought Baldwin Hills Village, in southwest Los Angeles, for about \$4.5-million. Esti-

mated cost to reproduce it: between \$8-million and \$9-million. Baldwin Hills is a model housing development that has been highly praised by city planners. It has 627 apartments, in 94 buildings, on 76 acres.

Farm Bill Compromise Due

Senate won't accept the House bill to retain current high level of price props. It wants to keep the Aiken law's sliding-scale supports—and it is in the best bargaining position.

The House of Representatives stated last week—by overwhelming votes—what it wants and what it doesn't want farm-price supports to be next year.

But businessmen who are affected by the level of farm prices—or the level of farm income—shouldn't expect the House action to be final.

• **What to Watch**—If you really want to know what kind of farm program is going to be in effect next year, keep your eye on the Senate agricultural leaders. They don't agree at all with what the House has done. And, in the end, they're likely to have the final say.

Reason: If the House and Senate can't agree, and no bill is passed, the Aiken law of sliding price supports automatically goes into effect. But the House is dead set against the Aiken law. So House leaders are apt to go a long way to keep that from happening.

• **Action**—The House voted:

For continuation of this year's 90%-of-parity support on the so-called basic commodities: wheat, corn, cotton, tobacco, rice, and peanuts.

For continuation of 90% support for milk and milk products, hogs, chickens, and eggs.

For continuation of this year's support levels (which the Secretary of Agriculture could set between 60% to 90%) on potatoes, turkeys, dry peas, dry beans, soybeans for oil, peanuts for oil, American-Egyptian cotton, sweet potatoes, wool, naval stores, seeds, sugar beets, sugar cane, and other commodities.

Against any "trial run" of Agriculture Secretary Brannan's plan to support perishables by making payments to farmers when market prices fall too low.

Against allowing the Aiken law, with its 60%-to-90% sliding-scale supports on basic commodities, to go into effect next year as scheduled when enacted in 1948.

The House went all-out for the farmer. One indication: On the floor, it voted into the bill price supports for two new commodities—cottonseed and mohair.

• **Compromise**—This week Secretary Brannan met with members of the Senate Agriculture Committee to swap ideas on what comes next. Brannan stood pat on his plan; and wouldn't agree to any compromise. Result: Committee Chairman Elmer Thomas said the group would try to work out a com-

promise on its own—a compromise that would be "somewhere between the Brannan plan and the Aiken law."

Just what that compromise will contain no one can predict right now. But it's almost certain to bear little resemblance to the bill the House passed last week.

One thing is sure about the Senate version: The Aiken law's sliding-scale supports (depending on supply and demand) will be amended. Sen. Aiken has already indicated that he won't oppose a 75%-of-parity lower limit, in place of 60%. This change was suggested by the American Farm Bureau Federation, strongest farm lobby and strongest backer of Aiken's law.

In an earlier conference with Brannan, Aiken indicated that he was willing to compromise with the Secretary's plan. The idea would be to keep Aiken's modernized parity formula and sliding-scale supports—but to give Brannan authority to choose some perishables to be supported by direct payment.

The experts in Washington are guessing that this is the sort of bill the Senate committee will report out.

• **Fear of Public Reaction**—One big reason why the senators are balking at the House stand in favor of continued flat 90% supports: They're afraid that another year of high supports will cost so much that it will arouse public sentiment against the whole idea of large-scale farm subsidies.

The Agriculture Dept.'s investment in farm crops has already reached \$3-billion. And this year's bumper wheat, corn, and cotton crops could use up the rest of Commodity Credit Corp.'s present \$4.2-billion lending authority. That could be the straw that breaks the back of the high-price-support program.

• **Expert**—Key man in engineering the Senate compromise will probably be Sen. Clinton P. Anderson, Brannan's predecessor as Secretary of Agriculture.

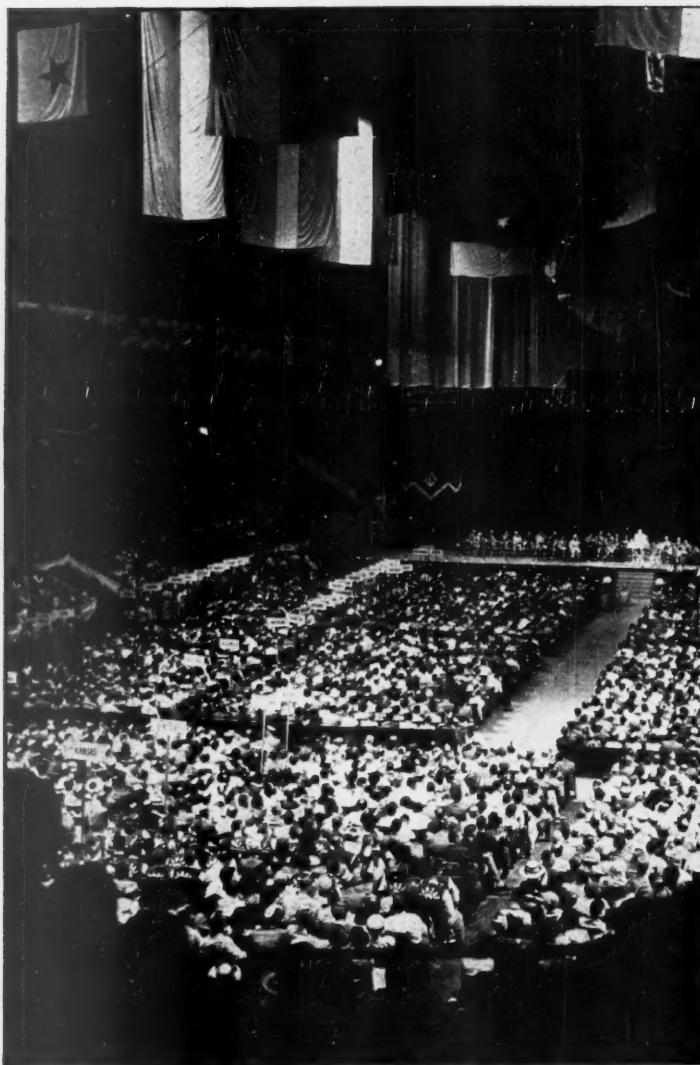
Actually, Anderson has been holding back, not taking a stand either way, in order to have more influence in writing the final compromise. In the past month or so, he has been getting Brannan and Aiken together to try to reach common ground. Now that this maneuver has fallen through, he's going to try to find common ground between the Senate's Aiken bloc, and the bloc that wants to put through the House 90% bill.

Anderson, at midweek, said he has a rough draft of his compromise ready—and indicated he would stick by the Aiken law's idea of sliding-scale supports.

• **Final Decision**—Whatever comes out of the Senate, however, the real compromising will come when the House and Senate agriculture leaders get together to reconcile the differences between the House and Senate bills. And the Senate holds the stronger hand.



ELABORATE MUMMERY is hallmark of convention parades. These are decorations and faces from last week's Lion's convention in New York



SERIOUS BUSINESS of Lion's convention took place at flag-decked Madison Square Garden, where delegates heard speeches by Gov. Dewey and Adm. W. H. P. Blandy



SIDELINE HOOPLA puts strained expression on bigwigs, brass, and Lion's Queen



PARADE featured inevitable drum majorettes, bands, delegates in Indian war paint



HOMEPLACES of delegates to Lion's convention were plainly and frequently visible along Manhattan's avenues and streets



RETAIL STORES are among businesses to benefit from convention spending. They get about 20% of money spent



NIGHTSPOTS also cash in, along with hotels. Here some of the Lions whoop it up at Billy Rose's Diamond Horseshoe

Conventions Mean \$1-Billion for Cities

This summer, despite the general economic slump, the convention business is rolling right along. It's big—and welcome—business for retailers, hotel owners and amusement men in more than a score of principal convention cities: Before the year is out, delegates will spend close to \$1-billion.

Last year 9.1-million delegates and families attended 17,000 conventions in the United States and Canada, left \$553-million in the convention cities.

• **Lions**—Last week's Lions International convention in New York shows what a big get-together can mean to a city.

The convention drew 31,000 people from 26 countries for four days of meetings.

It was a triumph for New York City's hard-working Convention & Visitors Bureau, which is supported by about

400 New York firms. It proved that the bureau, in at least one case, had overcome its toughest obstacle: New York's reputation for being too big and too cold for visiting firemen.

Up until last year, the Lions had never met in New York in all their 31-year history. But they liked the town so much in 1948 that they came back again this year—the first time they had ever met in the same city for two years in a row.

The Lions are estimated to have brought as much as \$5-million of outside money into New York trade channels. If this year runs anywhere close to 1948's total convention spending in New York (\$150-million), the Lions' bill-paving will come to better than 3% of the total.

• **Competitive Field**—Money from conventions, of course, is even more im-

portant to smaller cities like Atlantic City, Baltimore, Buffalo, and Washington, D. C. They give New York a tough fight for the business of groups that meet in the East. For the conventions of national organizations, New York's biggest competitors are Chicago, Cleveland, San Francisco, St. Louis, Los Angeles, and Atlantic City.

• **Stay and Spend**—New York may lure a lot of conventions, but, according to a survey by the International Assn. of Convention Bureaus, Miami Beach carries off the palm as the place where most conventioneers manage to stretch their stay the longest. The average delegate passes 6.31 days in Miami Beach, spends \$33.15 a day, or a total of \$209.18 during his visit. In New York, the average stay is 4.76 days, the total expense \$150.51.

Runner-up to Miami Beach is Los

Angels where delegates stay an average of 4.96 days, spend a total of \$128.07. In Chicago, they stay 4.36 days, on the average, and spend \$140.50. Last week in Chicago, the Shriners' big convention lasted 3½ days. But many of the 60,000 delegates stayed on until the week end; convention bureau estimates put their total spending in Chicago at about \$6.8-million.

• **Where It Goes**—Who gets the money that delegates spend? Hotels take the biggest share (25%) for rooms and incidentals. Retail stores collect about 20% (spending is particularly heavy if the delegate's wife is with him). Hotel restaurants rake in about 14%, other restaurants 13%. About 7% goes for beverages, 6% to night clubs and sports events, local transportation 3%. Theaters take in around 1.6%, and about 1% is spent on sightseeing. The largest share of the rest goes for servicing of cars.

The survey indicates that state and regional conventions do retailers relatively more good than national gatherings; a greater proportion of wives accompany husbands to the closer-by conventions.

More delegates (46%) get to conventions by auto than by any other carrier. About 40% come to conventions by train, 12% by plane, and 2% by bus. That's on an over-all basis. When going to state and regional conventions, about 65% of conventioners drive.

Here is the breakdown of stays and spending by delegates in some representative convention cities, as compiled by the International Assn. of Convention Bureaus:

	Average Stay Per Delegate	Delegate Daily Expenses	Total Expenses
All Cities.....	3.90	\$24.00	\$93.70
Atlanta City....	4.11	22.37	91.94
Baltimore.....	2.56	19.67	50.36
Buffalo.....	3.03	22.17	67.18
Chicago.....	4.36	32.18	140.30
Cincinnati.....	3.28	27.02	88.63
Cleveland.....	3.14	22.54	70.78
Columbus.....	2.49	19.32	48.11
Denver.....	3.65	22.11	80.70
Des Moines.....	2.17	26.45	57.40
Indianapolis...	2.10	22.41	47.06
Jacksonville...	3.96	16.55	65.54
Kansas City....	2.88	19.98	57.54
Long Beach....	3.67	15.39	56.48
Los Angeles....	4.96	25.82	128.07
Miami Beach....	6.31	33.15	209.18
Miami.....	3.66	27.79	101.71
Milwaukee....	3.0	18.78	56.34
Minneapolis....	2.96	27.58	81.64
New Orleans....	3.39	24.46	82.92
New York.....	4.76	31.62	150.51
Omaha.....	2.64	23.46	61.93
Pittsburgh....	3.14	22.87	71.81
St. Louis.....	4.42	19.76	87.34
Salt Lake.....	4.1	17.85	73.19
San Antonio...	3.55	21.47	76.22
San Francisco...	4.68	24.15	113.02
Syracuse.....	2.64	24.42	64.47
Toronto.....	4.5	23.91	107.60
Washington...	4.42	22.92	101.31

Sales-Slip War

Hawaiian retailers forced to stop itemizing excise tax on sales tickets. Customers see system as masked price hike.

Retailers in Hawaii have been waging a novel kind of battle for good customer relations. Last week they had to admit that this particular fight was no go.

• **Breakdown**—Sears, Roebuck & Co., S. H. Kress, and most drugstores in the Islands abandoned the "Tax Bracket System" on which the merchants had been pinning their hopes. And it was partly pressure from the very people they were hoping to win—the customers—that forced them to back down from their stand.

The target at which the retailers had been firing was the territorial excise tax—a flat 2½% levy on the gross income of all business. Since it isn't a tax on individual sales, it doesn't show on sales slips. On July 1, Hawaiian merchants adopted a system of itemizing the tax on their sales slips. The idea was to bring the invisible tax into the light where the customers could see it. If spelling out the tax brought pressure on the legislature to repeal it, so much the better.

• **Backfire**—The idea backfired. The customers howled, as expected. But it was the merchants, not the legislature, they howled at. They said this was just a mask for a price increase.

It was the retailers' bad luck—or bad judgment—that their move came when the public had already taken a beating from the prolonged dock strike. The striking longshoremen welcomed the tax turmoil; it gave the public something else to rage about. And business lost some of the ground it had gained in public esteem over the years in its fierce struggle with Harry Bridges' dock, sugar, and pineapple workers' unions.

• **Pros and Cons**—Since before the war, Hawaii has relied heavily on the general excise tax to finance its territorial government. When the war ended, the merchants demanded a sales tax to replace the excise. They said the excise was a sales tax anyway. It had the disadvantages of a sales tax—it raised prices without any of the advantages. It didn't show on the sales slips; it wasn't deductible from federal income tax. And it made Hawaii prices look high compared with those on the mainland.

Many merchants selling fixed-price items (like 25¢ Scotch tape) had to absorb it.

But the legislature liked the excise. It was easy to collect, its invisibility made it politically palatable, and it brought big returns. So, instead of re-

pealing it, the chamber virtually doubled all rates in 1947 to 2½%.

The merchants winced, but paid. Many raised their prices to do so.

• **New System**—This May, a group of merchants decided to take matters into their own hands. The Retail Board of the Honolulu Chamber of Commerce agreed on a new pricing policy. Sales slips would show a base price plus an additional amount "on account of tax." No tax would be shown on sales of 19¢ and under; a penny would be shown on sales from 20¢ to 55¢, and so on. This was the Tax Bracket System.

The system was to work two ways:

(1) On most items, it was to bring no change in total price. A \$1 item would be marked down to 97¢ with 3¢ added "on account of tax."

(2) On nationally advertised items with fixed prices, the merchant would collect the tax he had to absorb before. On a \$3.65 Arrow shirt, the Hawaiian merchant would add 9¢ for tax. Before this, the dealer absorbed the tax and marked up other items to cover it.

• **Protests**—Newspaper advertising explained the system carefully. But the protests exploded. The Hawaii Government Employees Assn. bought full-page space in the papers to assail the "Tax Bracket System." Consumers were convinced that the tax item was a price increase—as in some cases it was.

The fact that many big firms cut wages or hours 10% or 20% because of the dock strike on the same day the bracket system went into effect only increased the protests.

• **Misunderstanding**—The Honolulu Retail Board stood by its guns, blamed the uproar on misunderstanding by both consumers and merchants.

"Those merchants who have cut prices before adding the tax are getting no protests," it said. "Those who have been inviting trouble got it."

But the trouble stuck, till last week. Then when Sears and Kress pulled out, the Chamber of Commerce gave up the fight.

AMERICAN WOOLEN CUTS

American Woolen Co., major producer of woolen and worsted goods, cut prices this week. It trimmed men's wear fabrics from 4.7% to 18.1%, and women's wear worsteds from 8% to 18%. The garment trade expects other textile makers to follow.

Most men's wear makers hailed the price cuts. Lest consumers get the idea that there would be big price cuts in men's suits next spring, however, they pointed out that cloth represents only 12% of the retail price of a garment. Still, suit prices might drop \$3 to \$4, they said.

Makers of women's wear weren't as jubilant. Woolens and the most popular fabric, broadcloth, were not cut.



DU PONT PSYCHIATRISTS Gordon (left) and Dershimer have helped prove that . . .

Psychiatrists Aid Industry

Companies show growing respect for part human emotions play in production, take on staff doctors to care for mental health of employees. Primary aim is to keep normal people normal.

A few years ago, it would have taken a brave man to suggest that his company put a psychiatrist on the payroll. He would stand a good chance of being packed off to one himself.

Today things are different. More and more big corporations are taking on full-time psychiatrists as members of their medical staffs. But none is doing it because it has hired an unusually large number of "screwballs." Most employees are just as normal as they ever were. The industrial psychiatrist's job is to keep them that way.

• Greater Respect—What this trend means is simply that industry, like the population as a whole, is getting a growing respect for the importance of human emotions. The trained industrial psychiatrist sets himself three major goals:

(1) Clear up any emotional rubs between bosses and operating personnel; (2) Catch, cure, and prevent emotional upsets in individuals which might turn into major disturbances;

(3) Discover and use every possible means for improving the mental health of all employees in the industry. This may involve educational procedures. For example: group discussions of emotions; group consultations on immediate administrative problems.

• Du Pont Program—As might be expected, industrial psychiatry is most tantalizing to industries using highly skilled personnel. A railroad, say, would have

little need for a mental program for its track-maintenance crews. But a big chemical company surely might be interested for its people. That's why E. I. du Pont de Nemours & Co., Inc., was a pioneer in the field. It really all started with a full-scale program for preventive medicine to keep du Pont employees as physically healthy as possible.

• Not Enough—Yet for Dr. George H. Gehrmann, the medical director, du Pont had not gone far enough. He realized that manifestations of physical illness are often emotional in origin. Further, he knew that any emotional ill could be as contagious as smallpox, that a neurotic boss could infect everyone working for him with at least a case of jitters.

Therefore, Gehrmann figured, he couldn't have a balanced medical program without a psychiatrist. So in December, 1945, he hired Dr. Frederick W. Dershimer and, later, an assistant psychiatrist, Dr. Gerald Gordon.

• No Program—Dr. Dershimer made no attempt to lay out a hard and fast program. He felt that to do so would be to prescribe without diagnosis. He started out to get his basic knowledge by acting as a regular industrial physician. In the home office he made routine physical examinations, consulted with employees on their medical problems. This not only helped to orient Dr. Dershimer; it also helped to orient employees. Gradually they stopped thinking of a psychi-

atrist as a "nut doctor" to be shunned. From this start, a psychiatric practice developed naturally. Dr. Dershimer discovered mental stresses and strains when they first got started, diagnosed and treated them. Supervisors and management people began referring problems to him; employees come of their own accord.

• Treatment—Just what kind of psychiatric treatment do these "normal" people get? First of all, it's generally shorter, in many cases only one or two visits. The main reason for this is that the patients are caught while they are still basically healthy—still "in contact with reality," as the psychiatrists say. Dr. Dershimer can't (and doesn't) pry deeply into the patient's past to bring some basic trouble to the surface—as most private psychiatrists do. He tackles only the immediate problem as a matter of technique.

For example: Dr. Dershimer tries to get the patient to focus his attention on his immediate emotional disturbance, relieve the incident which upset him. He urges him to let his anger flow, rather than suppress it. In some cases the patient may even imagine inflicting physical violence on the person at whom he is angry. In any event, the patient visualizes the consequences of his irrational conduct—and thus anger supplies the energy for a search for more sensible ways to act.

• Devil Worship—Dr. Dershimer believes that emotional disturbances are a survival in modern man of devil worship. In our society, anger, fear, selfishness, self-pity, and allied emotions are tabooed—things to be ashamed of. We insist that these feelings be destroyed and supplanted with love, altruism, and other "good" emotional manifestations.

The hitch in this, Dr. Dershimer believes, is that it is impossible to destroy these "base" emotions; all we can do is drive them into the dark places of our minds. Once there, they simply build up into even higher potentials.

Says Dr. Dershimer: "Instead of ridding ourselves of them, we thus make them dangerous. We do with emotions exactly what we would do if we deliberately set out to make steam dangerous—generate it in a closed system and shut off the valve. This is the way to blow up the boiler."

• Be Frank—Dr. Dershimer says one of his biggest difficulties is getting supervisors to come clean with men whose work is below standard. He thinks bosses should be frank with subordinates, tell them definitely where they stand. Otherwise an employee doesn't know whether he is good or bad, needed or not—and thus builds up a sense of disinterest in his job.

Dr. Dershimer believes that this tendency among bosses is based more on the boss's desire to spare himself an un-

pleasant task than to his concern for his subordinate's feelings.

• **Nervous Bosses**—The relationship between boss and subordinate can be one of the basic causes of severe emotional upset. Sometimes the productivity of a whole department will drop way down because the boss doesn't get along with its members. So Dr. Dershimer tackles the boss's malady—and everybody else in the department gets back on the track.

One important point: Du Pont does not believe in using psychiatry to screen out emotionally tense employees or job-seekers. The most valuable people are sometimes "screwballs." Says Dr. Dershimer:

"If you do a good enough screening job, you may get people who are perfectly normal. But you will have screened out people who discover things like Nylon."

• **Seminar in Emotions**—Du Pont's venture also brought forth a piece of pioneering in group psychiatry in industry. For three and a half years, top executives of du Pont's Rayon Technical Division met with Dr. Dershimer. This was the Seminar in Emotions, one of the most unusual series of meetings in the history of American business.

The seminar examined the whole range of human emotions, then related what it uncovered to its own problems of human relations. No subject was too personal, no person in the group too exalted for this scrutiny. The sole aim of the seminar was to pry out the truth about managerial failures in this division and spare the reputation of no man.

The Seminar in Emotions is no longer being held, but two similar groups are meeting regularly. The procedure is about the same, and the aim is still on performance.

• **Kodak Program**—Du Pont is not alone in its work. Several other companies are following the same path. One is Eastman Kodak Co. For years Dr. William A. Sawyer, medical director, and other staff physicians recognized the importance to production of the emotional well-being of workers.

But during and since the war, Dr. Sawyer had noted an increase in emotional disturbances. Three years ago he added Dr. Ralph T. Collins to the staff as a part-time psychiatric specialist.

The major part of Dr. Collins' work is educational. Through this program, he seeks an understanding of the problem by management. At the same time he warns supervisors not to try to diagnose or overemphasize workers' symptoms. Instead, they should refer any situation which cannot be corrected at their level to the medical department.

• **American Cyanamid**—Dr. Walter D. Woodward, psychiatrist for American Cyanamid Co., uses a system similar to that of Dr. Dershimer at du Pont. He



EASTMAN'S Dr. Sawyer brought in . . .



PSYCHIATRIST Ralph T. Collins

also feels that slight emotional upsets in normal people can be cured in a hurry if they are caught soon enough.

"We have the population of a small town," explains Dr. Woodward, "and we expect to find the same emotional illnesses here we would find in such a town."

But du Pont and American Cyanamid psychiatrists differ in their treatment of chronic alcoholics. Dr. Dershimer generally refers them to Alcoholics Anonymous; Dr. Woodward generally treats them himself. Also, he feels that the real alcoholic problem in industry is not the confirmed drunk, but the too-happy social drinker. Hangovers, Dr. Woodward feels, contribute greatly to absenteeism.

• **Ready for More**—There is no doubt that psychiatry has gained a strong foothold in industry and proved its value. The psychiatrists themselves feel that it is bound to keep expanding.

South's Real Gain

Surplus plants the area got after the war are less important than what the war taught it about industrialization, report says.

During the war, 296 new plants, costing Uncle Sam some \$3.1-billion, poured cash into the South's anemic industrial bloodstream. Many would-be southern industrialists, long short of capital to put up plants themselves, dreamed of the day when these plants might form the backbone of a new, industrialized South.

How big a role are these plants actually playing in the South's economy now—three years after the task of disposal and reconversion began?

• **Disappointing**—Not so big as the dreamers had hoped for. That's the conclusion reached in a 74-page report issued last week by the National Planning Assn.

The authors of the report (Frederick L. Deming and Weldon A. Stein of the Federal Reserve Bank of St. Louis) feel that "the skills and habits of mind which southern labor and management absorbed during the . . . war . . . are perhaps more important assets than the plants." Their reason: "Upon these skills can be founded a permanent, efficient, growing industrial structure to use the abundant resources of the area."

• **Plant Drawbacks**—Many of the major government-built facilities, the report points out, were special-purpose plants; thus, they were "not readily adaptable to civilian production." So the mere fact that a plant was built and equipped did not automatically insure its peace-time success.

Even plants that could easily be reconverted presented problems. Favorable markets had to exist for whatever product the reconverted plant turned out. And management had to know how to make the most of the cost advantage that the war-built plant offered. In many cases, the plants that have done best are the ones that make products which already had a toehold in the area before the war.

In general, the easiest plants to convert were those financed privately (rather than by the government), and whose facilities were closely related to those of the parent company.

• **Joint Action**—The report stresses the advantage of multiple-tenancy plans as a way to put the big, special-purpose government plants to work. At the Arkansas Ordnance Plant, for instance, 10 different manufacturers are at work. They turn out products ranging from furniture to chemicals.

Black areas show countries in which Sinclair products are sold



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Colombia	Malaya
Costa Rica	Mexico
Cuba	Morocco
Denmark	Netherlands
Dominican Republic	New Zealand
Ecuador	Nicaragua
Egypt	Norway
El Salvador	Panama
England	Peru
Eritrea	Philippine Republic
Ethiopia	Portugal
Finland	Puerto Rico
France	Siam
French Indo-China	South China
French	Spain
West Africa	Sweden
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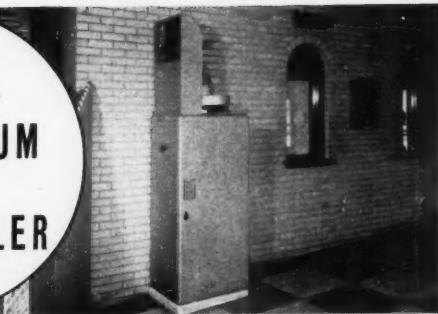
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Sears, Roebuck's cuts of 4% to 16% on farm-implement prices were frankly made to stimulate a "lagging" market (Sears sells light equipment only). This is the first major across-the-board price cut in farm implements since International Harvester's short-lived cut in 1947 (BW-Mar.15'47,p16).

Grumman subcontracts totaling \$6.6-million will help the Glenn L. Martin Co.'s efforts at recovery (BW-Jul.23 '49,p25). Almost the whole sum will go for subcontract work on Grumman F9F fighter planes.

The input-output method of economic analysis and planning with the aid of electronics (BW-Oct.9'48,p22) is being updated. The National Security Resources Board has turned over \$200,000 to the Bureau of Labor Statistics for processing the 1947 Census of Manufactures figures. Up until now, BLS has only worked with the way-out-of-date 1939 Census.

More cars, trucks, and buses were produced and sold during June than during any other June in the industry's history. The Automobile Manufacturers Assn. puts the total at 593,640. And the six-month total (2,994,282) has only been topped in 1929 and 1941.

The Book-of-the-Month Club should be stopped from advertising "free" books (BW-Jul.17'48,p68), says an FTC trial examiner—unless the books are actually distributed with no strings attached. As it is, he says, members who don't buy their fourth book within a year get billed for the "free book."

Colonial Airlines is trying to get the Canadian-U.S. commercial air pact (BW-Jun.11'49,p38) tossed out on constitutional grounds. It has filed a brief with CAB claiming that the pact—which, among other things, gives Trans-Canada Air Lines a competitive route between Montreal and New York—is really a treaty. And a treaty must be ratified by the Senate. The pact was not.

Clinton Industries is still expanding. Last fall it bought a citrus processing plant at Dundee, Fla. Now its subsidiary, Snow Crop Marketers, has purchased the vast William P. McDonald citrus groves at Auburndale. Snow Crop claims it produces almost half of the current output of fresh frozen orange-juice concentrate.

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LIGHTING NEWS

New lamps—new uses—money-saving ideas

FROM
LAMPS



New, bigger slimline fluorescent lamp now available. Better lighting plus operating economies are predicted for users of General Electric's T-12 slimline lamp. Biggest fluorescent of all, the newest addition to the slimline family measures eight feet long, has 1½-inch diameter. Rated 75 watts, it starts instantly (no starters used), has long life. Single-pin base permits quick, easy replacements. Write for copy of free booklet, "Modernize with G-E Slimline". General Electric, Div. 166-BW7, Nela Park, Cleveland 12, O.

Room and bath, plus a suntan too. Atlantic City's Senator Hotel found its sun-tanning room so popular on cold and cloudy days it had to ration sunning time. Recently expanded to double size, the solarium has General Electric Uviarc, incandescent and sun lamps mounted in ceiling; light closely matches the ultra-violet energy of the noonday summer sun. G-E engineers report solarium installations are now being recommended for indoor swimming pools, hospitals and miners' locker rooms.

New miniature lamp catalogue first ever published. For the first time, buyers have a complete simplified guide to selection of the small lamps used in countless indicator, automotive and specialty applications. General Electric's new catalogue classifies, describes and gives prices of 175 types and sizes. 36 pages. For your free copy, write General Electric, Div. 166-BW7, Nela Park, Cleveland 12, O.



Tough lamps shrug off shot blast. Lighting shot-blasting areas without ruining the lighting equipment used to be a problem. Usual practice has been to mount bulbs in heavy glass globes. But that's cumbersome and costly. The G-E locomotive plant in Erie found a simpler way that saves money. Standard one-piece floodlamps (PAR-38) mounted on the walls light the shot-blasting room. Lamps last normal life despite severe abrasive action of shot, which wears the hard glass away to fraction of original thickness.



Lighting maintenance costs greatly reduced. Central Hudson Gas & Electric in Poughkeepsie, N. Y. wanted good lighting at lowest maintenance cost in its new offices—chose General Electric low-brightness fluorescent lamps. These 40-watt lamps give the same light as standard 40's, but spread it over greater length and diameter. Central Hudson gets 80 footcandles glareless light on desk tops; reports the low lamp brightness permits minimum shielding—cuts cleaning costs, makes replacements easier. Lamps start instantly—use no starters.

For more data on the items above or for complete information on lamps and lighting, phone your local General Electric Lamp Dept. office.

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WEEKLY MEETING produces results that help make this one of Allis-Chalmers' . . .

Committees That Can Cut Costs

Allis-Chalmers gave its cost-cutting groups the power to act as well as talk—and got results. Other companies report similar experiences and results.

At 8:30 on Wednesday morning of this week, 15 money-conscious men sat down around a table at the Allis-Chalmers main plant in Milwaukee and began an argument. It went into the problems of how to cut the costs of making heavy industrial motors. The men came from sales engineering, mechanical engineering, production, time-study, and plant labor.

Two hours later these experts had worked out several ways of saving money. One was a new method for taping coils by machine that will cut the cost by 50%.

• **Strategy**—Such sessions, held every week in almost every company division, are a major A-C strategy in the battle of mounting manufacturing costs and weakening price tags.

The basic idea of cost-cutting committees is not, of course, original with A-C. But what's important is that A-C has given the committees power to act on their own suggestions. A-C's committees are not only talkers, as at many plants, but doers as well.

Two others that believe in this system are Goodyear Tire & Rubber Co. and Westinghouse Electric Corp.

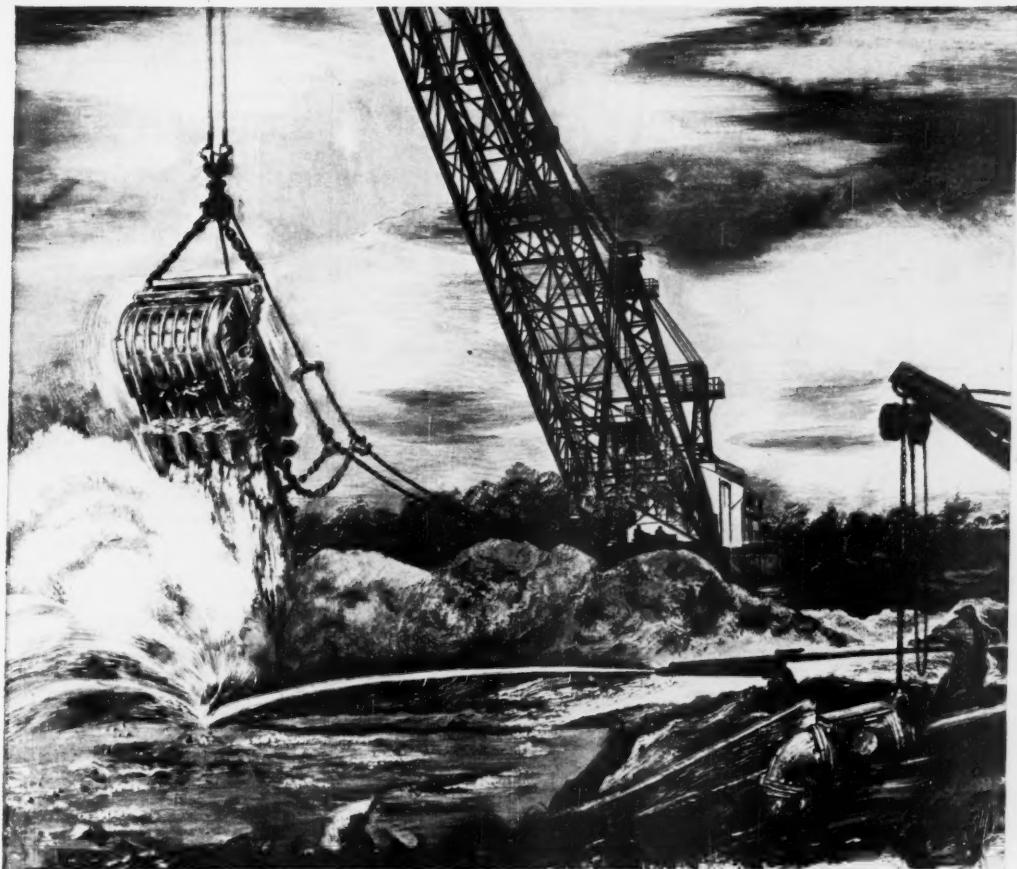
• **How It Works**—At A-C, committee members know that something will

come out of their efforts. The chairman usually assigns one member the job of writing up a complete report on a proposal. That report gets a thorough going-over by the committee, then goes topside to the works manager's office. From there it is sent down to the various departments involved. Follow-up insures that action will be taken.

Already, A-C's committees have saved considerable money. And the committees' have had a valuable indirect effect as well: They have drummed home the point that cost-cutting—1949 style—is a job that involves everybody.

• **Too Many Committees**—When the idea of cost-cutting committees was put forth at A-C, it ran into a considerable barrage of criticism. The critics charged that committees: (1) are unwieldy; (2) tend to get windy; and (3) generally lack authority to do more than just suggest ideas.

A-C met these objections through some simple expedients. It put the committees under the direction of hard-headed works superintendents, like A. Ryan (picture, in striped shirt), shop superintendent of the Electrical Division. Their job: to keep discussions moving on schedule, along reasonable lines. Also, A-C arranged the committees so



Phosphate matrix is deposited in the pit by a huge dragline and sluiced into 14-inch pipes through which it is pumped to washing plant.

First step in preparing your dinner

It takes a long time to prepare your dinner. Months to grow and to process the fine quality food which is so abundantly available to you in restaurants and grocery stores in this country.

One of the first steps is to mine phosphate, an indispensable mineral plant food which nourishes the growth of our vegetables, fruit, grain and meat.

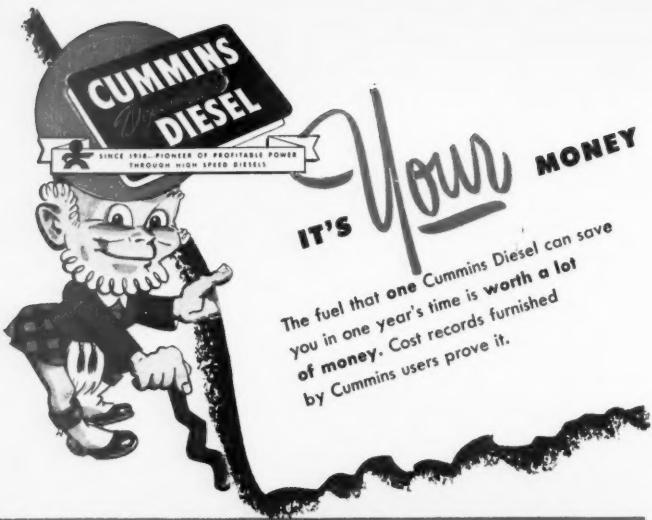
Phosphate, mined by *International* in Florida and Tennessee, and potash, mixed fertilizers and mineral supplements for livestock feeds . . . all produced by *International* . . . are essential in providing, year after year, large quantities of food of rich quality, delicious flavor and high nutritional value.

Mines and plants operated by *International* in twenty states from coast to coast are busy today producing the basic raw materials which will contribute tomorrow to your good health and to your pleasure in the enjoyment of fine food.

mining
International
phosphate



INTERNATIONAL MINERALS & CHEMICAL CORPORATION
General Offices: 20 North Wacker Drive, Chicago 6



Cummins vs Gasoline Engines



HIGHWAY

CUMMINS DIESEL
FUEL COST

\$3,450 *Savings*

\$4,200

GASOLINE ENGINE FUEL COST

\$7,650



FREIGHT

Cummins Diesel
Fuel Cost

\$1,519 *Savings*

\$2,585

GASOLINE ENGINE FUEL COST

\$4,104



LOADING

Cummins vs Other Diesels

CUMMINS DIESEL FUEL COST

\$1,575 *Savings*

\$392

COMPETITIVE DIESEL FUEL COST

\$1,967



CONSTRUCTION

CUMMINS DIESEL FUEL COST

\$ 915 *Savings*

\$569

COMPETITIVE DIESEL FUEL COST

\$1,484

In each example the equipment is identical . . . operating the same hours and doing the same type of work. Only two things are different—the engine and the economy. Write for more information about the Cummins Diesel—the engine that does more work for less cost.

CUMMINS ENGINE COMPANY, INC. • COLUMBUS 6, INDIANA

that they report directly to the works manager of the whole plant, plus the individual departmental manager. These men see to it that the ideas are put to work.

• **Goodyear**—Goodyear has set up similar committees in each of its 10 U.S. plants. As with A-C, all departments are represented. Goodyear says the committees are "very worthwhile."

In Goodyear's case, the plant manager is in charge of setting up the committee, and seeing that it produces. Committees meet about every two weeks. Once the group decides on a certain cost-saving idea, a staff is assigned to work out the details. Department managers are held responsible for carrying out the ideas, and the committee checks up on what has been done.

• **Westinghouse**—Westinghouse does its cost-savings job on a division basis. This year the company has increased this activity, particularly at its appliance division.

Westinghouse's approach is through so-called manufacturing committees, which represent engineering and production, as well as sales. Westinghouse's manufacturing committees have been standard for some years, but this year the one at the appliance division came up with some real results. Between Jan. 1 and Apr. 1, the committee studied proposals totaling over \$3-million in possible cost reduction. The committee approved a total of \$1.9-million; all but \$100,000 of this had been put into practice by June 1.

• **Avco**—Other companies are using another type of committee approach. Thus, the Crosley Division of Avco Mfg. Co. has four "product manager" committees. These include product manager, project engineer, director of purchases, manager of service department, director of materials control, works manager of the plant involved, a representative of the sales department.

Crosley's organization is horizontal. Special meetings can be called at any time—and often are. To implement their decisions, the members just go back to their own departments and act on what was decided upon. No meeting minutes are circulated, but top management and the department heads involved receive reports on decisions.

Management considers the system successful, but specific examples of savings are hard to locate. The committees are given credit for improving quality of product without increasing investment.

The office-procedures committee, however, does have an example of saving through huddling over a problem and figuring out what to do about it. (This committee consists of the office manager and four of his top assistants.)

• **Results**—Filling a typical order involved eight steps. Three were elimi-

inated. This cut out 12,000 monthly "document writings," eliminated other operations, cut down paper costs—and saved some \$12,000 per year. On top of that are savings from increased efficiency.

SOLENOIDS FOR KITCHENS

Kitchen appliance manufacturers are putting solenoids, simplest of electrical remote controls, to work. The result is push-button operation of domestic ranges, clothes dryers, and dishwashers.

There's nothing new about the solenoid. But appliance manufacturers are only now turning to it on a large scale to keep in step with the trend toward automatic control.

The device is simply a movable piece of metal inside a coil of wire. When a current passes through a wire coil, the resulting magnetic field tends to move the metal piece backward or forward, turning a mechanism on or off.

Here's how the solenoid is used now in the electrical control of domestic gas equipment: Solenoid-controlled flow valves hooked up to clock mechanisms permit presetting the "on" and "off" times of an oven.

Other solenoid applications: a dishwasher with a control to let in the water; a clothes-dryer with electrically operated valves for heat control.



Simplifying Repair Work

Graphic repair manuals make repair work on TV sets, radios, and record players easier. That idea put Howard W. Sams of Indianapolis in the publishing business. Sams, a former sales executive with P. R. Mallory & Co., Inc., electronic-parts maker, has published well over a million of his Photofact sets. To get the data, Sams' men take sets apart, painstakingly label and diagram the innards. Sales of the manuals so far this year are up 24%.

...one hand!



PB's new DM (DESK MODEL)

... a postage meter for everybody!



- This new desk model postage meter puts within the means of the smallest office . . . the efficiency and economy, the privilege and prestige of *metered mail*.
- Little larger than your telephone, yet the DM prints exact amount of postage needed for any kind or class of mail directly on the envelope . . . prints a dated postmark and small advertisement (optional) at the same time. Seals envelope, too. Even prints postage for parcel post!
- Dial the stamp value you want, press the lever—and your postage is printed!
- The new DM fully protects your postage from damage, loss, theft . . . and automatically accounts for every penny in visible registers!
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makers of mailing machines . . . offices in 93
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- **EASILY PORTABLE**—small—barely larger than a desk-type file basket!
- **NATURAL VOICE PLAYBACK**—built-in playback speaker (headset may also be used).
- **VERSATILE**—records general dictation, meetings (with many voices), reports, speech rehearsals.
- **FOOT CONTROLLED**—leaves hands free.

The WEBSTER-CHICAGO Model 18 Wire Recorder is the answer to low cost dictation for thousands of businessmen and professional men. Now everyone can afford it.



WEBSTER-CHICAGO

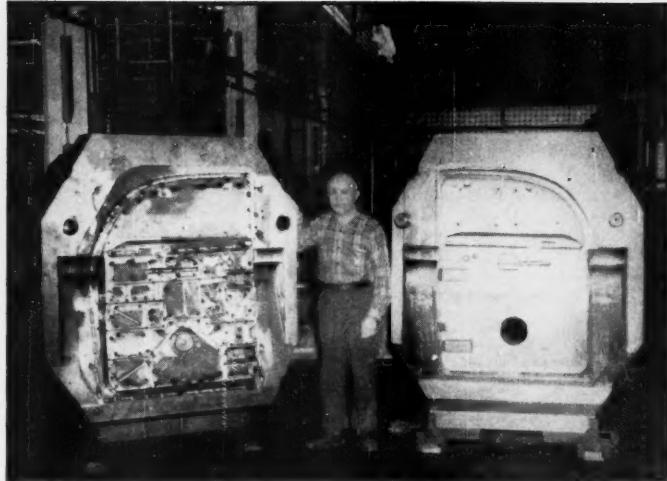
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Send me complete information about the
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Address _____
City _____ Zone _____ State _____



GIANT DIE turns out 30 frames for automobile doors in less than 1 hr.

Diecasting Takes on a Big Job

Diecasting, a widely used industrial technique for making small parts (like knobs, handles, housings, and ornaments), moved on to bigger things last week. Doehler-Jarvis Corp. and Kaiser-Frazer Corp. announced they had found a way to diecast the structural frame of an automobile door. The casting weighs about 13½ lb. before trimming; it is made of a special aluminum alloy.

• **Recurrent Dream**—Big diecastings have been a recurrent cost-saving dream of materials men for years. But most companies have balked at the idea of spending big sums of money for experiments with huge, expensive dies. Further, during the war and postwar periods, manufacturers felt little urge to hunt for ways to make their products cheaper; they could sell all they wanted without cutting prices.

Today all that has changed. Production men are scratching hard to find new cost-cutting processes. And big diecastings are one of the techniques that definitely hold promise of slashing costs. Here's why:

(1) A diecast part comes out close to final size, thus requires a minimum of machine finishing.

(2) The process makes it possible to cut down subassembly work (you can "mold-in" supporting ribs, bosses, etc.).

(3) Parts can be cast with curves and contours that, in most cases, you can't get with steel stampings.

(4) Diecasting offers good possibilities of cutting down weight (materials used are generally aluminum, zinc, brass, magnesium).

• **K-F Success**—Doehler-Jarvis and Kaiser-Frazer engineers worked on the de-

velopment of their casting for several years. The structural frame, made in a 13-ton die, measures 43½ in. by 33 in. After trimming to size in a 4-ton die, it is fitted with a steel outer panel. K-F engineers say the diecasting cuts about 9 lb. off the weight of the door and eliminates four steel stampings. Further, there are assembly advantages from cutting out welding and junking the press line used to form, trim, and flange steel stampings.

Indirect benefits stem from the fact that the doors are more exact in size, fit better, and have lighter hinges. K-F also believes that the lightweight frame will eventually allow the company to do away with the large assembly jigs used to put the doors together.

• **Where It Stands**—Right now, the process is still in the pilot stage; no production models of the company's cars have been fitted with the door. Costs so far have run about the same for the diecast door as for the conventional type. When mass production gets going, though, K-F looks for real economies from the new process.

According to Clay P. Bedford, executive vice-president of K-F, a diecasting machine has been developed that will turn out 30 doors an hour. With the design, only four machines would be required to turn out enough doors to equip 500 four-door sedans.

But Kaiser-Frazer doesn't plan to stop its diecasting development with doors alone. The company is also experimenting with diecasting for instrument panels, rear deck lids, and other parts that are relatively costly to fabricate.

Nothing Rolls Like a Ball...

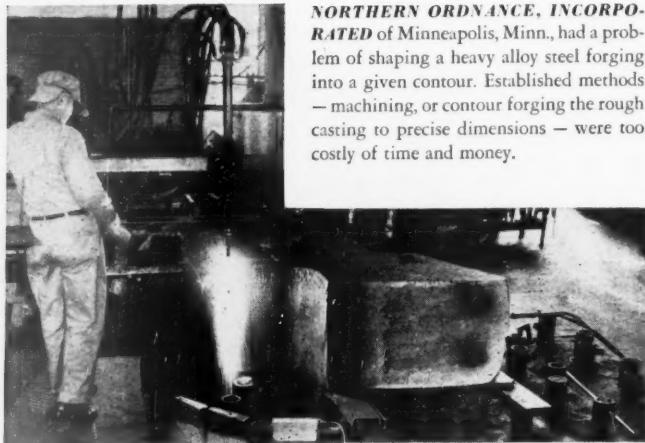


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resources and skill of the
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of fine ball bearings.

NEW DEPARTURE BALL BEARINGS

NEW DEPARTURE • Division of GENERAL MOTORS • BRISTOL, CONNECTICUT

Shaping heavy forgings faster...at less cost with machine gas cutting



NORTHERN ORDNANCE, INCORPORATED of Minneapolis, Minn., had a problem of shaping a heavy alloy steel forging into a given contour. Established methods — machining, or contour forging the rough casting to precise dimensions — were too costly of time and money.

A. P. Demmer and R. F. Helm-kamp, Airco Technical Sales Representatives, recommended oxyacetylene machine cutting the rough forging, using an Airco No. 6A Oxygraph.

Since the forging was about 70" long and 28" thick, weighing almost 7 tons, it was necessary to build special cutting support jigs — one for each cutting

requirement. Further, to handle the many cutting positions, the Oxygraph had to be raised 4' off the floor.

The operation was highly successful. The shape cutting technique proved extremely economical and fast, and the company was highly pleased with both the technical aid furnished and the results obtained.

TECHNICAL SALES SERVICE — ANOTHER AIRCO PLUS-VALUE FOR CUSTOMERS
To assure its customers of high efficiency in all applications of the oxyacetylene flame or electric arc, Air Reduction has available the broad, practical experience of its nationwide Technical Sales Division personnel. The collective experience and knowledge of these specialists has helped thousands to a more effective use of Airco processes and products. Ask about this Airco "Plus-Value" service today. Write your nearest Airco office. (In Texas: Magnolia Airco Gas Products Company . . . On West Coast: Air Reduction Pacific Company.)



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PRODUCTION BRIEFS

Specifications for hardwood pallets used by the Navy Dept. are described in a booklet issued by the Navy Industrial Assn., Inc., 110 William St., New York 7.

A brick and tile research program, promoted by the Structural Clay Products Institute, has been launched. The studies—on end-use of structural clay products—will cost \$1-million.

Two major expansion projects are near completion at G.M.'s Oldsmobile Division. Rearrangement of the engine plant will boost output from 30 to 60 engines per hour; conversion of existing buildings into a final assembly plant will up capacity by 80 cars per hour.

Glass-block and TV-bulb plants owned by Owens-Illinois Glass Co., will be operated by American Structural Products Co., a newly reorganized subsidiary.

Plant expansion for the production of anti-friction bearing retainers is under way at SKF Industries' Shippensburg (Pa.) plant. As a result, SKF will take over a large portion of work it now sub-contracts.

FCC regulations restricting the radiation of interfering high-frequency arc welders won't take effect until Jan. 31, 1950. The postponement will give more time for investigating arc-welder interference.

TV tube of 19-in. diameter has been developed by the Allen B. Du Mont Laboratories. The tube's shorter neck and larger screen are supposed to give sharper focus, a more detailed picture.

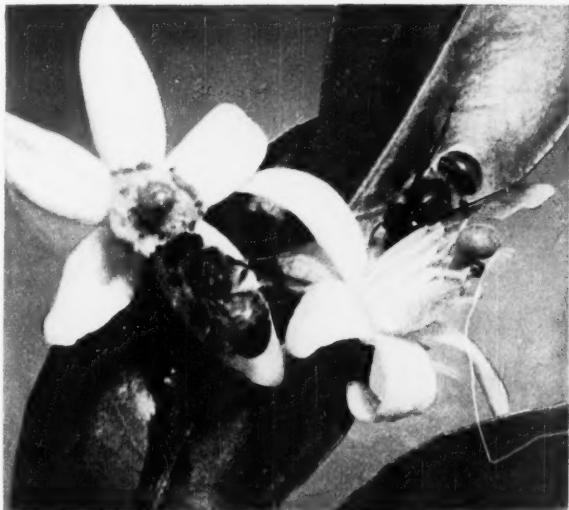
A two-way heating system is being tried out at the University of Illinois under the sponsorship of the National Warm Air Heating & Air Conditioning Assn. A duct around the perimeter of the floor feeds hot air to the registers, heats the floor for the length of the duct. Grilles in the ceiling return room air to the furnace.

A stabilizing device developed by G.E. for heavy-duty motors counteracts wedging effect of brushes against commutator. G.E. says this doubles life of brushes and commutators, makes it possible to retain overload capacity of motor parts.

Safer explosives for mines are described in Bureau of Mines bulletin 4502, which tells about research and tests on new types. For a copy, write to 4800 Forbes St., Pittsburgh 13.

MILLER'S Smart idea!

He improves "working conditions" for his payroll of 1,560,000,000 bees, triples their honey output!

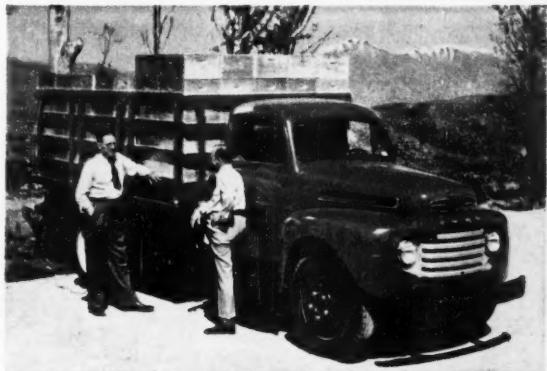


MILLER'S Smart move!

He uses six Ford Bonus-Built Trucks in his business...Smart Move!...Smart Business!

"HONEYBEES wear their wings to tatters in six weeks' time," Woodrow Miller tells Ford Dealer Leon Snow (left). "When I transport them in trucks like this new Ford F-5, bees' wings last from 6 to 8 days longer." Comments Snow, "Ford Trucks

last longer, too. However, that's because they're Bonus Built. You get a choice of over 150 Ford Truck models, from 145-horsepower Big Jobs down to light duty Pickup trucks and they're all built extra strong to last longer!"



MILLER'S Smart bet! FORD TRUCKS LAST LONGER!

Using latest registration data on 6,106,000 trucks, life insurance experts prove Ford trucks last longer!

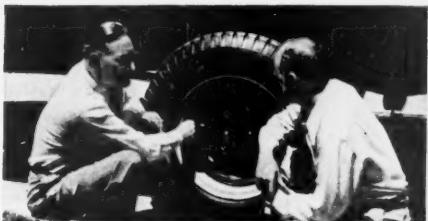
WORLD'S CHAMPION beekeeper is Ford Truck user Woodrow Miller of Colton, California. By traveling his 26,000 hives of bees from Mexican border to Canadian, he boosts honey production from 50 pounds per colony to 150 pounds.

"We gain three ways by trucking our bees," says Miller. "By following climate, we stretch the bees' working season to 9 months. By continually shifting location we hit the peak honey flow of various trees or flowers. By setting the bee closer to its work, it saves travel time and wear and tear on wings."

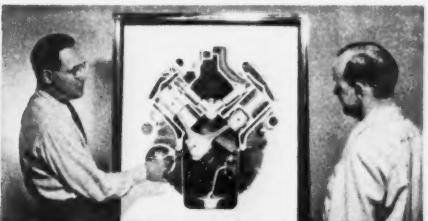


▲ **BUSY** little honeybees are never busier than when commuting to work via truck, according to bee export Woodrow Miller. Unlike bumblebees, wasps and hornets, honeybees are not native to America. They were introduced by colonists in 1622.

◀ **MILLER'S BEES**, shown working orange blossoms, produce 1,000,000 pounds of honey each year, plus 50,000 pounds of beeswax. He boosts honey output by spotting his Ford Trucks so his bees have a downhill glide homeward when loaded with honey and pollen.



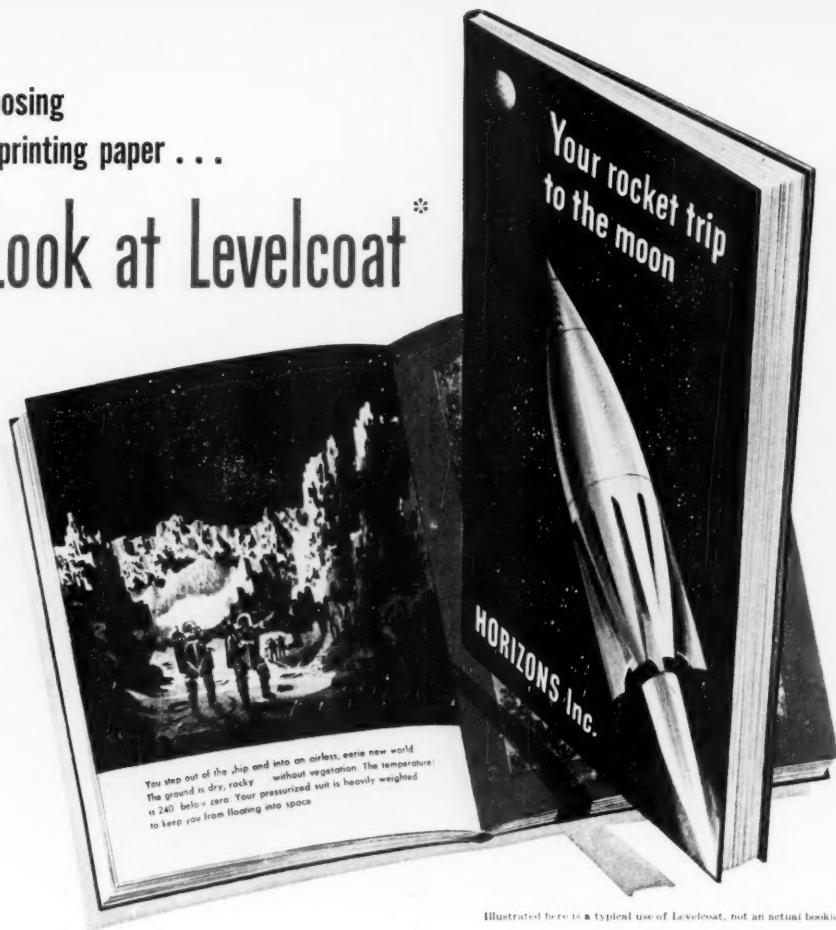
"**YOU** don't guess about brakes in the Ford F-5," Dealer Snow tells Miller. "This brake inspection hole lets you check brake adjustment with a feeler-gauge. Through it you can see the extent of lining wear."



CONNECTING rod bearings take a lot of punishment, need a lot of oil to ease friction. They get it in Ford Truck engines. Oil is pressure-pumped to the bearings through special passageways in the crankshaft.

Before choosing
any printing paper . . .

Look at Levelcoat*



Illustrated here is a typical use of Levelcoat, not an actual booklet.

Look at Levelcoat . . . for brightness

The exciting beauty of a product is often lost by cloudy reproduction. But imagine that product suddenly made so life-like . . . so sparkling with sales appeal . . . that you feel it's ready to move right off the page! That's what snap and gloss combined with optimum brightness can do.

Look at Levelcoat . . . for smoothness

True reproduction of fine detail is possible only on the smoothest of paper. That's why Kimberly-Clark selects only the most delicate "face powder" clays for its coating process. The result is beautiful Levelcoat paper . . . precision-coated . . . uniformly smooth to assure perfect reproduction.

Look at Levelcoat . . . for printability

See how Pick-Resistance . . . so much a part of this fine paper . . . helps prevent stoppages on the press. Add the many other qualities that have made Levelcoat famous for trouble-free performance. You'll then see why printers choose Levelcoat for efficiency, and advertisers choose it for economy.

IT PAYS TO LOOK AT LEVELCOAT

Levelcoat
PRINTING PAPERS



Levelcoat printing papers are
made in these grades: Trufect*,
Multifect*, and Rotofect*.

KIMBERLY-CLARK CORPORATION, NEENAH, WISCONSIN

NEW PRODUCTS



Materials Carrier

Monroe Sales Corp. says its truck will speed up materials handling in your plant. It's specially designed for carrying 14-cu.-ft. loads of concrete, but it will also handle castings, warehouse materials, subassemblies, and the like.

Concrete-Truk can maneuver well in small areas. It's steered by a single tail-wheel, and can turn completely around in its own length. Specially grouped controls around the driver's seat make operation easy. The operator has a choice of three forward speeds up to 15 m.p.h., and one reverse speed up to 7 m.p.h. Large 6.00x9 industrial-type pneumatic tires will carry the trucks through loose soil and rough terrain.

The handler has an over-all length of 6 ft., 11 in.; a width of 42 in. Maximum load-carrying capacity is 3,000 lb. The company is at 333 Midland Ave., Detroit 3, Michigan.

• Availability: immediate.

Pallets to Your Order

Acme Pallet Co., Inc., tailor-makes pallets to your specifications. The pallets are so inexpensive that some users discard them after initial use, the company says.

Because of a patented block-construction, you can pick up a pallet eight different ways with fork-lift and hand-lift trucks. You can slide the lift in from any of the four corners, as well as the four sides.

Light-weight wood that goes into the pallets cuts down tare weight—and

freight charges—in transit. But the pallet is still strong enough to withstand hard usage, so repair charges are low.

Pallets are made from a variety of hardwoods: oak, maple, beech, birch, and ash. Cement-coated screw nails hold together the boards that carry the weight of the load. Clinched-nail construction is used on supporting members. Most popular sizes for freight and truck shipments are 32x40 in. and 48x40 in.

The maker's address: 15 Park Row, New York 7.

• Availability: immediate.

Wire-Tapper Trap

If you think your telephone lines are being tapped, you might be interested in Teletap. It signals you when someone is listening in on a wire-tapping device or on another extension. And you don't have to hook it up directly to the phone wires.

Teletap consists of: (1) a metal box containing electronic and signaling circuits; (2) a pickup detector enclosed in a thin rubber pad; and (3) a 6-ft. length of insulated wire that connects the box to the pickup.

The rubber pad is located somewhere inside a desk drawer or under a table top directly beneath the telephone instrument. The electronic and signaling unit is placed in some convenient spot away from the telephone. Then the unit is plugged into an electrical outlet and grounded with a lead attached to the electrical cord. Before you put Teletap to work, you have to set it at the electrical



Silicones Pay Off In a Buyer's Market

Your customers are demanding more for their money. Offer them better performance, longer life, greater reliability or reduced maintenance costs and they'll listen. Design all four of those basic sales appeals into your product and they'll buy. You can do that in many cases by taking advantage of the exceptional stability of Dow Corning Silicones.

For example, you can give your customers permanent lubrication by using DC 44 Silicone Grease. DC 200 Silicone Fluids enable you to design more compact hydraulic systems or make wider use of viscous damping. You can increase the power per pound ratio in electric machines by 50 to 100 per cent and you can increase the life of electrical equipment by a factor of 10 through use of Dow Corning Silcone—Class "H"—Electrical Insulation.

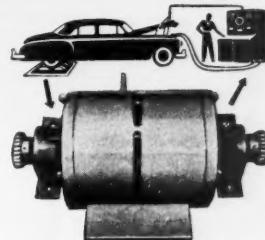


PHOTO COURTESY THE ELECTRIC PRODUCTS COMPANY

DC Silicone Electrical Insulation and DC 44 Silicone Grease improve the performance, cut maintenance and increase the life of E. P. Electric Chassis Dynamometer.

Typical application for Dow Corning Silicone Electrical Insulation is the Electric Chassis Dynamometer made by The Electric Products Company of Cleveland. Complete performance testing of automobile engines without actual road tests makes it necessary for the armature coils to absorb so much energy that operating temperatures are in the range of 400° F. Under such severe conditions, only Silicone Insulation and DC 44 Grease give long and trouble-free service.

Among many other applications, Silicone Insulation is used in building compact, high powered solenoids; portable welding transformers; bus generators and industrial motors. For more information about Dow Corning Silicone Electrical Insulation, write for pamphlet G11G8.

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Motorola 2-WAY RADIO
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in a few weeks --- saves time, labor . . . increases efficiency!**

Your entire mobile operation at your fingertips—with Motorola 2-way radio! Speed plant production with this money-saving new tool. Expedite your job on the road—the movement of trucks—plant scooters—the handling of machinery . . . with Motorola 2-way radio. Whatever your operation, work-saving time-saving 2-way radio will help you do it better—and pay for itself in a short time. Every day, more

and more leading industrial users recognize Motorola as the pace-setter for quality, design and engineering of 2-way radio equipment. Motorola has 2-way radio equipment to meet your specific requirements.

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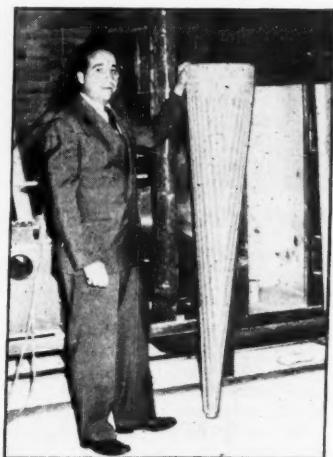


Motorola
FM 2-WAY
RADIO

intensity required by your particular phone circuit. This adjustment is made with a set screw mounted on the back of the box.

Here's how it works: The electronic unit and pick-up distinguish between normal voice voltages on a phone circuit and abnormal line disturbances caused by wire snooping methods. When the pickup detects a line disturbance on your phone line, it relays the disturbance to the electronic unit which starts a warning light. The warning light, which tells you that someone is listening in on your conversation, may be turned off by a reset button. The maker is Teletap Corp., 460 W. 34th St., New York.

- Availability: immediate.

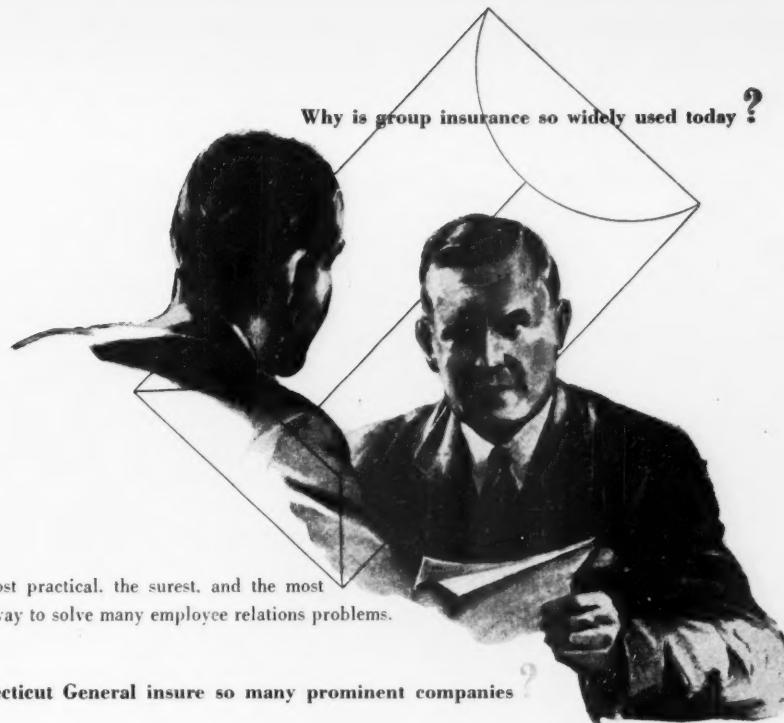


Conic Dust Remover

A dust collector designed to work efficiently even on large installations has been developed by Aerodyne Corp., Detroit 26, Mich. Abrasive dusts and grits produce a low degree of erosion in the equipment, says Aerodyne.

The heart of the system—originally developed in Sweden—is a slotted sheet bent into the shape of a cone. When a blower is started, the slots set up aerodynamic forces that cause the filter action. Air or gas to be cleaned enters the cone and passes over the slotted area at high velocity. Dust particles are suspended in the form of a thin cloud in front of the slotted filter surface; the cleaned air escapes through the slots. The slots are many times larger than the dust particles; so, even with adhesive dusts, there is little chance for the filter to become clogged. This increases the overall efficiency compared with cyclonic methods.

The suspended dust layer is car-



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Do you like to get an unbiased opinion?

We will send you a list of the companies, many of whom you will know, whose group insurance we handle. Ask them first-hand for their opinion of our service.

*Ask about the

CONNECTICUT GENERAL
PROTECTED PAY ENVELOPE PLAN

* CONNECTICUT GENERAL LIFE INSURANCE COMPANY
HARTFORD, CONNECTICUT



Henry Besuden, who starts his day at 5 a.m., says "you aren't much of a sheepman unless you get out early." His 300 commercial ewes and 100 registered Southdowns account for most of the \$40,000 he grosses annually.



Henry often writes for sheep publications. Starting 20 years ago with little experience, he has twice won the grand championship for car-loads of lambs at the International Livestock Exposition.



Family living room has been restored to "Old Kentucky Home" atmosphere with salvaged original furnishings. "Work rooms," including the kitchen, shine with modern fixtures and appliances.



More animals were added as fast as the land was rebuilt to carry them. After sheep came cattle. They eat the late grass and (along with a little tobacco grown by tenants on shares) act as "income insurance."

The best people in the Country

turn to Country Gentleman for Better Farming, Better Living

How a last-ditch venture became

An Adventure in Living

VINEWOOD FARM of Kentucky is a money-making model of good management—and a place to live that most people only dream about.

But it got that way from considerably more than dreams . . . from study, planning, hard work—and sheep.

When Henry Besuden took over the old home place, neighbors called it "the best rabbit hunting ground in Clark County." Careless farming had robbed the topsoil, leaving eroded gullies and fields of brush. Henry quit college to tackle the job of restoration when trustees turned it back to him as hopeless.

A 20-year program of carefully balanced soil improvement, grassland farming and sheep raising converted this Country Gentleman subscriber's farmed-out inheritance into good living.

Today Vinewood Farm is 632 acres of rolling green pastures (on which graze white flocks of sheep) with an old Kentucky home that is a blend of ante-bellum grace and modern comforts—an "eye-pleasing" symbol of the rewards that come from good farming.

Here is another of the inspiring success stories of Country Gentleman farm families that will be read in the magazine's August issue throughout Rural America—by The Best People in the Country.



Who knows better than retailers what magazine is read by The Best People in the Country? When asked which farm magazine most effectively sells their farm and other rural customers, dealers in eight major lines named Country Gentleman by 2 to 1 over the next magazine!

In over half of all U. S. counties, Country Gentleman circulation exceeds that of the biggest general weekly and biggest monthly magazine.



The fine old restored home, built in 1861 as a replica of an old English manor house, is no idle museum of an elegant past. Mrs. Besuden does her own housework with the help of just a twice-a-week maid.



Mrs. Besuden frequently visits the Alis Shop in nearby Winchester, to purchase hats and dresses. She is a well-known customer in other stores where she buys clothing for her two sons—15-year-old Carlisle and 4-year-old David.

Carlisle is developing quite a head for business. He sells frog legs, squabs and chickens, is beginning to demonstrate Besuden skill in the show ring by winning 4-H prizes with his own lambs.



2,300,000 circulation concentrated among the "top half" farm families who receive 90% of all U. S. farm income.



CONCRETE CONSTRUCTION Delivers Star Performances...

...in public buildings, schools, hospitals, apartments, stores and factories. Concrete's strength, durability, firesafety, beauty and low-annual-cost service make it the preferred building material for any structure.



... in distinctive homes of all sizes and styles. All factors considered—price, upkeep, long life—it costs less per year to own a firesafe, comfortable concrete home.

... in pavements. Concrete roads, streets, alleys and airports give outstanding performances because of their low annual cost, long uninterrupted service and safety.



... in farm buildings and improvements of all kinds, where it resists fire, rats, decay, termites and storms; helps save feed and labor; helps increase production.

PORLAND CEMENT ASSOCIATION

33 W. Grand Avenue, Chicago 10, Illinois

A national organization to improve and extend the uses of portland cement and concrete... through scientific research and engineering field work

ried at high speed to the outlet end of the cone, where it is withdrawn along with a small percentage of the air or gas into a secondary circuit. In the secondary circuit, the dust is precipitated, and collected in a small container.

For higher collecting efficiency, two or more cone-shaped filters can be arranged in series. This system is commonly used on spray driers for recovery of dusts with commercial value.

The secondary and collection containers can be set up in various locations and positions for elasticity when space is limited. The cones may be fixed in a horizontal, vertical, or inverted position without hindering the filter action.

• Availability: immediate.



Slow-Speed Record Player

Playsall, a record-player attachment, converts standard-speed phonographs to turntable speeds of 33½ r.p.m. and 45 r.p.m. for slow-speed records.

The unit slips over the spindle of the phonograph and rests on the turntable. The spindle slides through one or the other of two precision-cut holes in the attachment, depending upon the speed desired. The speed ratio is changed from the standard 78 r.p.m. to either 45 r.p.m. or 33½ r.p.m. by the action of tiny drive wheels at the corners of the attachment. These wheels spin the records at the reduced speeds; the rest of the attachment remains stationary.

The player comes with a feather-weight pickup. A universal adapter for the pickup plugs into the phonograph jack on a radio or clips into the crystal cartridge inside the pickup arm on the radio-phonograph.

Carboneau Industries, Inc., Grand Rapids, Mich., is the maker.

• Availability: immediate.

Torrington Needle Bearings

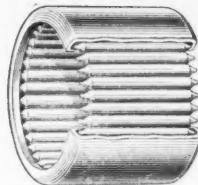
*save power and weight
... and money*



Mail Tool Co. ups power output of chain saw two-cycle engines with Needle Bearings on crankpins and drive shaft.



Robert Reiner, Inc. uses 8 Needle Bearings in balanced floating controls of Tricot knitting machines for sensitive, accurate response.



In the power and weight savings possible with Torrington Needle Bearings, you find costs going down as product efficiency goes up.

Needle Bearings reduce power requirements, permitting use of smaller and lighter motors. These compact units afford greater load capacity for a given housing size than any other anti-friction bearing, allowing weight reduction with no sacrifice of capacity.

Other features add to the economy of using Needle Bearings. Straight-through housing bores are easy to fabricate. Quickly installed, Needle Bearings stay in place without spacers, snap rings or retaining washers.

Let our engineers help yours apply Needle Bearings to raise your product's efficiency and lower your direct production costs. Write us today.

THE TORRINGTON COMPANY
Torrington, Conn. South Bend 21, Ind.

*District Offices and Distributors in Principal Cities
of United States and Canada*

TORRINGTON NEEDLE BEARINGS

Needle

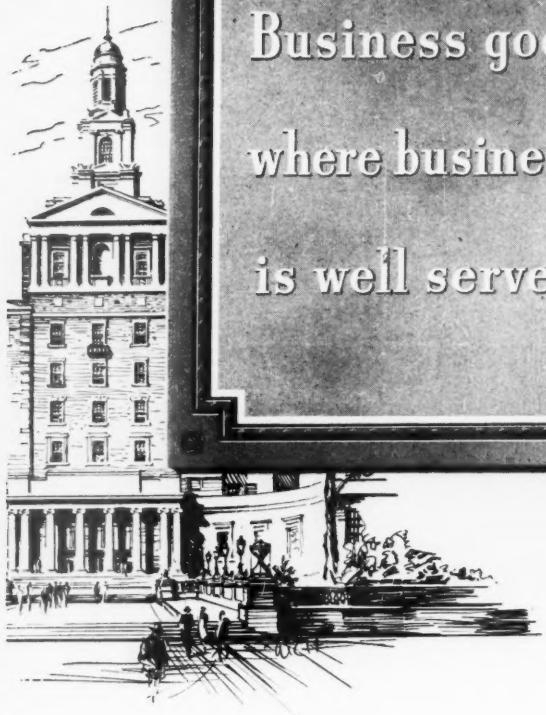
Spherical Roller

Tapered Roller

Straight Roller

Ball

Needle Rollers



Business goes where business is well served

Just as the Aetna Life Insurance Company is privileged to serve many prominent members of America's business family, so it can serve your interests as an employer. Today, hundreds of thousands of employees are protected through Aetna Life Group Plans. The services of trained and skilled Home Office Group Representatives are available to you. They are prepared to serve you as they are already serving these leading firms:

American Brake Shoe Company
Boeing Airplane Company *McKesson & Robbins, Inc.*
Crucible Steel Company of America
Western Auto Supply Company (a Missouri Corporation)
Packard Motor Car Company *H. J. Heinz Company*

Group Division AETNA LIFE INSURANCE COMPANY Hartford, Conn.



READERS REPORT:

Management Organization

Sirs:

Since I am engaged in a study of management organization, I read with very great interest and profit the article you ran on the organizational setup of Koppers Co., which is undoubtedly one of the outstanding contributions toward efficient work distribution [BW—May 14'49, p.70].

Much of the basic thinking in the Koppers organization, as well as in a good many other companies, has come from Standard Oil Co. of California. This company has developed basic thinking in organization for over 20 years, and capped its work recently by the publication of its Management Guide. This is one of the outstanding contributions in the theory and practice of organization.

In that company, organization is combined with manpower and wage and salary control, and this has greatly contributed to its high degree of efficiency.

ERNEST DALE

SCHOOL OF BUSINESS,
COLUMBIA UNIVERSITY
NEW YORK, N. Y.

Making Softwood Hard

Sirs:

In your item, "Softwood Turns Hard Under Heat and Pressure" [BW—May 28'49, p.32], you reported that this was the discovery of the Western Pine Assn. and the U. S. Forest Products Laboratory. . . .

This discovery was first made in our laboratories back in 1931. This has been acknowledged in publications of the U. S. Forest Products Laboratories and is completely recorded in U. S. Patent No. 1,952,664, issued in 1934.

G. J. ESELEN 3RD
ESELEN RESEARCH CORP.,
BOSTON, MASS.

What Price Stratocruisers?

Sirs:

Apparently I have lost track of things of late. Nevertheless, \$12-billion sounds a little on the high side for 10 Boeing Stratocruisers [BW—Jun. 25'49, p.37].

It occurs to me, however, that probably in the last few years with the numerous figures handed down by politicians and the press, billion and million sound much alike.

CHARLES E. BROWN

FRANKEL CO., INC.,
DETROIT, MICH.

• You still pay in millions for Stratocruisers. We made an \$11,988,000,000 typographical error.



Photo by Sarra

Which blue is true blue?

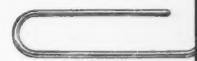
IF ANY BLUE can be called a true blue, then it might very well be *Ultramarine Blue*. For Ultramarine has an almost universal appeal, and no other blue pigment equals it for warm, clear brilliant blue tones.

Because of its rich blue color, Ultramarine is used to give bright, attractive effects to scores of everyday articles—textile and paper products as well as paints and enamels. Many garments and home furnishings, leather for shoes and handbags, plastic and

rubber products, linoleum, chalks, crayons, and printing inks owe their blue color to this pigment. Ultramarine is also the blue in the finest bluings that help make your white linens and other laundry fresh and sparkling.

Cyanamid's Calco Chemical Division is one of America's leading producers of Ultramarine. And Calco is continually seeking, through the development of dyes and colors for var-

ious industries, to give you more value and beauty in the products you buy.



AMERICAN *Cyanamid* COMPANY

30 ROCKEFELLER PLAZA, NEW YORK 20, N.Y.

MOLDING THE FUTURE THROUGH CHEMISTRY

CORROSION causes WEAR that costs money



AMERICAN BRAKE SHOE may be able to help you with your corrosion-wear problems

Corrosion gnaws at parts and machines with silent teeth that take a costly toll in breakdowns and wearouts. In pumping mine water, minerals and acids eat at pump parts... in pharmaceutical manufacturing, chemical compounds chew up filter drums... in oil refining, some parts must be highly acid-resistant... in papermaking, the valves and fittings of sulphite digesters must resist a highly corrosive load... in food processing, natural acids damage metal parts.

In your plant, such corrosion may be causing unnecessary wear that is eating up part of your profit. Our business is

to help you curb this cost of wear. More than 70 different Brake Shoe alloys are available for testing in any particular corrosive medium.

For over 46 years Brake Shoe has worked to make the machines and parts used by industry last longer. Our research has been in the six major fields of wear: impact, heat, corrosion, friction, abrasion, and vibration.

We will work with you toward a solution of your industrial wear problems in any of these fields. Send for free booklet, "Cutting the Costs of Industrial Wear." The address:

AMERICAN
Brake Shoe
COMPANY

230 PARK AVE., NEW YORK 17, N. Y.

10 Divisions of American Brake Shoe Co. produce wear-resisting parts in 58 American and Canadian plants.

AMERICAN BRAKEBLOK DIVISION • AMERICAN FORGE DIVISION • AMERICAN MANGANESE STEEL DIVISION
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KELLOGG DIVISION • NATIONAL BEARING DIVISION • RAMAPO AJAX DIVISION • SOUTHERN WHEEL DIVISION

MARKETING

Steel Warehouses' Blues

Higher rail rates mean more steel is moving by truck. But truckers' rates vary. That—plus f.o.b. pricing—makes it hard for warehouseman to price steel competitively. Meanwhile, sales lag.

Want a couple of tons of steel—or less? Try your nearest steel warehouse. A year ago, many a warehouse operator did little scratching for business. Now he'll give you a cigar and ask about your family.

• **Full Warehouses**—The reason is simple: The warehouseman (who buys in carload lots from the steel mill, sells in small quantities) is currently well stocked on most types of steel. Exceptions: galvanized sheets and wide-flange beams (but they have almost returned to normal supply this month), and, in a few sections, some sizes of steel bars and sheet steel. But generally the warehouseman can get most items promptly from the mills. In fact, on a few items, inventories are running out of his cars.

This week, he has an extra large stock on his hands. That's because he bought heavily in recent weeks to forestall a steel strike. If the strike had materialized, the warehousemen would have become just about the only source

of steel while the mills shut down. But with the steel labor truce, he will have to sell hard to keep stocks moving.

• **Sales Slow**—That's just what most warehousemen have been doing during the past few months. Sales volume for the warehouse has dipped sharply this year. Last year, steel warehouses were turning their stocks over every 10 to 30 days. Now stocks are turning over at about prewar rates—1½ times a year for general steel stocks, and once every three months for alloys.

• **Pricing Problems**—This sales slowdown has handed the warehouseman a few problems. One of the chief ones is that he had to do some competitive pricing. And that's not so easy to figure now as it used to be—since it has become tougher to figure what his competitors' actual freight costs are.

• **Blurring the Picture**—As the warehouseman sees it, two factors have fogged his pricing situation:

(1) F.o.b. pricing and the end of the



Catching a Market on the Fly

Drive-in theaters (BW—Jan. 1949, p.44) continue to sprout—and prosper. But apparently the business has arrived at the evolutionary—and competitive—stage where a promotional stunt comes in handy. The owner of this outdoor theater in East Dennis, Mass.,

really gave his competitors something to try to beat. He combined his theater with a landing strip; dubbed it a Drive-In-Fly-In theater. Admission is \$1 per person—the same for movie-going motorists as it is for

Extra Protection AGAINST HIGH MOTOR COSTS



3 Great Protective Features!

- Heavy cast iron frame protects top, bottom, sides, ends. Resists corrosion, distortion, physical abuse.
- Ball bearings pre-lubricated at factory. Need no attention for years. Protected against inadequate maintenance.
- Multiple-dipped and multiple-baked stator plus inter-phase insulation protect against electrical breakdown.

GET FULL DETAILS on the extra-protective features of Safety-Circle motors. Ask your AC Authorized Dealer or Sales Office or write for Bulletin 51B6210. Sizes 1 to 20 hp. A 2706

ALLIS-CHALMERS, 901A SO. 70 ST.
MILWAUKEE, WIS.

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Sold...Applied...Serviced...

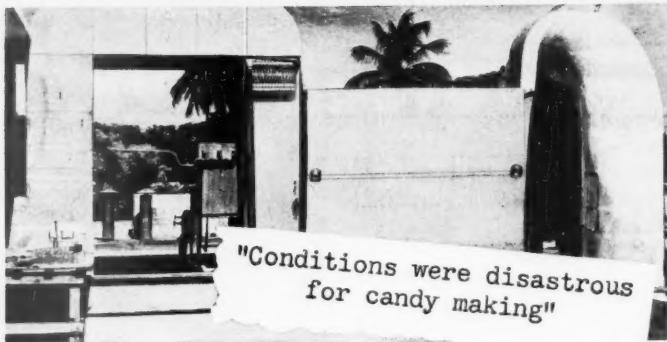
by Allis-Chalmers Authorized Dealers, Certified Service Shops and District Offices throughout the country.



MOTORS—1/3 to 25,000 HP
and up. Matching Allis-Chalmers Controls.

TEXROPE—Belts in all sizes and sections, standard and Vari-Pitch sheaves, speed changers.

PUMPS—Integral motor and coupled types. Sizes and ratings to 2500 GPM.



"High humidity caused serious trouble," wrote a candy maker in Puerto Rico. "Now we maintain 55% humidity with a Lectrodryer and production has gone up 10%."

You don't have to work in the tropics to profit similarly. Lectrodryers are providing "winter weather the year around"

everywhere. Production has been standardized, product quality improved, by making plants independent of outside weather conditions.

Lectrodryers remove moisture from air, gases and organic liquids. Pittsburgh Lectrodryer Corporation, 300 32nd Street, Pittsburgh 30, Pennsylvania.

Send for Bulletin 216
"Because Moisture
Isn't Pink"

LECTRODRYER

REGISTERED TRADEMARK U.S. PAT. OFF.

clues:

Turning the "Searchlight"
on Opportunities

Published as space is available—approximately once a month. Rate—\$4.00 per line, minimum 3 lines—2 words for box number. Address replies c/o Business Week.

attention manufacturers

- ARE YOU seeking more business? Write us today for a new technique. Purchasing division, Guild, Woolworth Building, New York, N. Y.

English mfr wants U. S. products

- ATTENTION U.S.A. makers of light metal pressings, assemblies, hardware, toys, metal boxes and packaged products. Old established progressive company with modern plant and marketing organization sees opportunity to make a market American products in England. Contact Paton, Calvert & Co., Ltd., Liverpool, England.

successful executive salesman

- KNOWLEDGE MANUFACTURING. Sales promotion advertising. Interested proposition New England. Box 306, Ridgefield, Conn.

executives technical assistant

- CHEMIST, PH.D. Training in business and marketing 15 yrs. successful industrial research. Salary open. Box 9562.

engineering executive available

- RESEARCH AND Development—experience in designing special-purpose machinery, product design, plant layout. Faculty member in Machine Design at leading eastern university. HME, MME degrees. Registered professional. Prefer West Coast connection. Box 2513.

institutional property

- IDEAL FOR school, college, hospital, club, hotel, etc., Connecticut. Pretentious. Bargain, lease, sell. Box 9512.

profitable life-time business

- LOCAL FRANCHISES Available. Own your own Venetian Blind Laundry. 35 successful units operating. \$6,350 investment, 24 months to pay. Cost sheet and operation bulletin available. V. B. Laundry, Inc., 5954 Market St., Philadelphia, Pa.

partner wanted

- REPUTABLE ENGINEERS holding Cooligist surface report showing great possibilities gold, silver, ore deposit. Seek investor \$25,000. Purpose exploring, drilling, trenching property. Owned outright. Box 9401.

looking for new prospects?

- LET US compile comprehensive list of Business Directories applicable to your problem. Kindly state requirements. \$10.00 per report. Imprintex Company, 250 West 57th Street, New York 19, N. Y.

electric equipment

- ELECTRIC MOTORS, generators, transformers. World's largest inventory, new and rebuilt. Electric Equipment Co., Rochester, N. Y. Ask for catalog.

manufacturing merger

- ARE YOU an old established firm? Do you desire young experienced management and a proven product? We are a small manufacturer of Water Pumps—Softeners, sold for 19 years in domestic and foreign markets. We would consider merging with a reputable firm manufacturing and selling farm equipment, hardware, plumbing supplies or allied lines. Box 9517.

basing-point system in steel have meant that a steel buyer frequently has a choice of prices, depending on which warehouse he buys from. Warehousemen will absorb some freight, but they aren't sure how much to absorb.

(2) The reason for their uncertainty is the second factor. A lot of steel that used to ride the railroads now is moving by motor truck—thanks mainly to increased rail freight rates. The catch is that there is no uniform rate among the over-the-highway truck haulers. And even for an individual trucking company, the rates for different quantities vary widely.

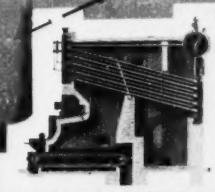
• **Truckers' Rates**—One trucker, for instance, may have one rate for shipment of one ton of steel. For a 5,000-lb. lot, he may have a lower rate; the next rate drop may occur at 10,000 lb., the next one, at 20,000. The steel warehouseman shipping, say, 12,000 lb. of steel from Cleveland to a customer in Marietta, Ohio, might find that he saved money on truck freight by billing the shipment as 20,000 lb. and paying that rate. The 12,000 lb. would take a less-than-truckload rate of 53¢ per 100 lb., or \$63.50. The rate for 20,000 lb.—truckload rate—is 27¢ per 100 lb., or \$54. Hence, he would save \$9.60 by taking the billing for the larger amount.

The hitch is, that some other trucker may break his price structure differently; perhaps he has a rate drop at 15,000 lb. That makes it hard for one warehouseman to tell how much freight his former customers are paying for steel they buy from other warehouses.

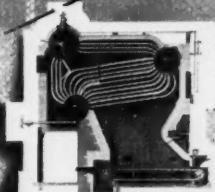
• **Basing-Point Trouble**—The basing-point and trucking situations have affected the warehousing industry in another way. In basing-point days, the warehouse operator in Columbus, Ohio, used to charge his customer in Marietta, the less-than-carload rate between the mill in Cleveland and Marietta. That gave him a profit from: (1) his markup (which averaged \$25 a ton then—now it's about \$30 a ton); (2) his quantity buying advantage; and (3) the fact that he got his steel moved from Cleveland to Columbus at the cheaper carload rate, then had to pay l.c.l. rates only between Columbus and Marietta. Out of that he had to pay his handling charges at Columbus.

Now, however, his Marietta customer buys directly from the more distant Cleveland mill-owned warehouse—because the trucking rate is less than the l.c.l. that he would have to pay if he bought through Columbus. He can afford to have his order of 12,000 lb. of steel billed at 20,000 lb. on truck shipment—and he still matches or beats the best price the Columbus warehouseman can offer. That means fewer sales for the Columbus warehouseman.

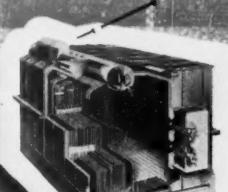
• **Return Trips**—Another headache: A trucker hauling livestock from Omaha



DESIGN 32 CROSS DRUM BOILER



TYPE H STIRLING BOILER

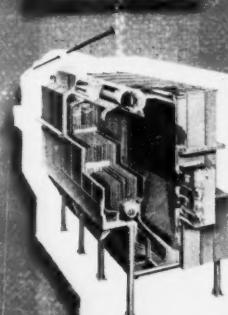
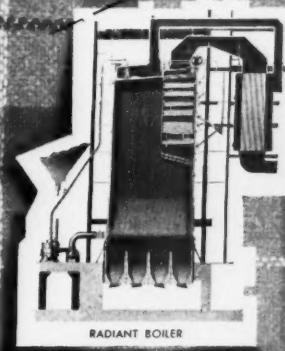
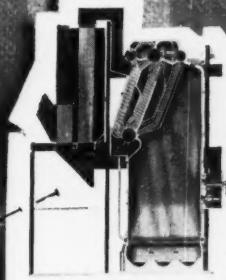


INTEGRAL-FURNACE BOILER
TYPE FH (flat floor)

Popular Patterns FOR LOW-COST STEAM

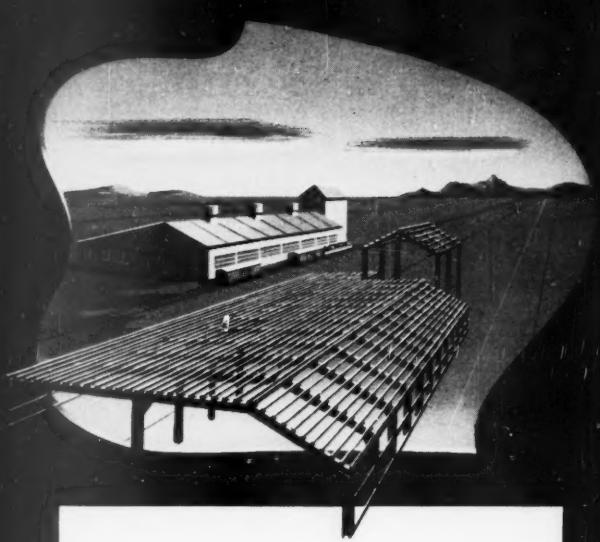
In translating their power plans into power plants, industries and power companies consistently show a preference—year after year—for styles in steam designed by B&W. So do architects, consulting engineers and contractors, when fitting steam generating equipment to non-industrial requirements from airports to zoos. They know from long, satisfactory experience that B&W boilers are soundly designed, built and applied to fulfill the specific conditions of each job . . . that they represent the last word in dependable, low-cost steam generation for all kinds of users, from giant central stations to the most modest commercial and institutional establishments. They know, too, that B&W is well qualified to satisfy any steam requirement by its 80 years' experience in designing, building and applying the most widely used stationary boilers—experience that cannot be written into specifications or shown on blueprints, but is reflected in day-to-day, year-after-year dependable and economical performance of thousands of B&W steam generating units.

N-70



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Only McCloskey tackles tough-design structures at package-building prices



When McCloskey bids on your construction job, you need not compromise between economy and industrial efficiency. Because of our patented Rigidsteel design, the McCloskey price on a special structure will be as low as that for a standard "frozen-design" building. Beyond that, you will have more usable cubage, more headroom, lower maintenance cost. It will pay you to write now for "The McCloskey Story" and learn how economical buildings can be tailor-made. Write or wire McCloskey Company of Pittsburgh, 3401 Liberty Avenue, Pittsburgh 1, Pa.

McCloskey Company
of Pittsburgh

to Chicago may carry a load of steel back to Omaha on the return trip instead of running empty. That's happening in the Houston (Tex.) area, too. Truckers carrying cotton to Houston load up with steel at Houston warehouses for their own use (and probably for their good friends, too). That means that warehousemen outside Houston have to rustle up some new customers. And it adds another guess element in their competitive pricing.

- **Casualties**—The sales slowdown has caused some casualties—mostly among the Johnny-come-latelies who got into the steel warehousing business during and after the war. One example: small outfits that, prewar, handled "seconds" and "rejects." They were accustomed to a turnover of 30 to 60 days on their wares. During the war they edged into the prime steel field and found they could turn it over just as fast—if not faster—than their rejects and seconds. Now, with the turnover back to once every eight or nine months, many of them aren't handling the prime steel. In fact, one Cleveland dealer has been doing his best to get the mill to take its steel back; meanwhile he's making plans to stick just to seconds and rejects from now on.

- **Cut Rates**—Right now, there are some I-can-get-it-for-you-wholesale boys in the picture—but they're isolated cases. Most of them are the same brokers who offered you steel (with the maker's name and the names of all the former owners carefully erased) at black market prices a year ago.

The steel they're selling nowadays at cut-rate prices is still unidentified. Mainly, the broker gets it from hardgoods manufacturers who guessed wrong on their plant operations—they are overstocked on steel, and their banks are demanding a reduction in inventory. As yet, however, there are few brokers doing this kind of business, and the kinds of steel they can offer are limited. Meanwhile, the warehouses have just about anything you want.

- **Back to Normal**—During the war, steel customers bought where they could—from six or seven warehouses, maybe, and from several mills. Now the prewar customer-supplier relationships are reshaping into their prewar pattern—with a couple of exceptions. The basing-point-truck dilemma has knocked the props from the old distribution structure in some cases. And the mills haven't gone back to grubbing for small orders. They are getting a little hungry for orders, but not enough to hunt out the one-ton orders that would compete with the warehousemen.

- **Small Orders**—No matter how bad business gets for the mills, warehousemen don't expect the mills to make a big drive for small-order customers. That's because the cost of making up

and handling small shipments has increased more percentagewise for the mills than it has for the warehouses.

• **Credit**—As for the warehousemen, they've got one other problem—credit. During the last ten years, they didn't worry about that much. Now they are closely scanning their customers' credit ratings.

MARKETING BRIEFS

To sell more TV sets, New York City's R. H. Macy & Co. is offering two tickets to the hit musical *South Pacific* (BW—Jun. 18 '49, p96) with each purchase of a Westinghouse receiver.

The firm-price policy followed by Joseph E. Seagram & Sons on its domestic brands since 1935 will remain unchanged for the rest of the year—no matter what the competition does, says president Frank R. Schwengel.

Goodall Co.'s price cut on its Palm Beach suits (BW—Jul. 9 '49, p36) has not budged Haspel Bros., the major producer of seersucker and cord suits. The New Orleans company took its stand in local advertisements telling customers not to expect price reductions on Haspel clothes.

The market for buttons will be tackled by New York City's Streamline Button Co. through the use of beauty shops. It will sell 49¢ cards of fancy button sets there. The sales pitch: "Beautify your clothes, too."

A 90-day service warranty on TV sets will probably replace in general the one-year warranty now offered by manufacturers. The Television Manufacturers Assn. says that most producers favor the 90-day period common in the sale of radios.

Shopping centers is the subject of a new guide published by the Urban Land Institute, Washington, D. C. Technical Bulletin No. 11 tells retailers and promoters how to develop the best type of centers.

The Chicago Tribune has bought The Washington Times-Herald from the seven employees who inherited the paper last year from the late Mrs. Eleanor Patterson, editor and publisher.

Charge accounts covered 29¢ of each dollar's worth of sales in retail stores last year. The other 71¢ was paid in cash, a considerable drop from the peak of 80¢ during the war, when the government was discouraging credit purchases.



Make this low-cost noise-quieting test

Here's how to test the effect of modern sound conditioning in your place of business:

Have an acoustical ceiling of Armstrong's CUSHIONTONE® installed in one small office where noise is a problem. It won't cost much—probably no more than \$100—and installation is quick, with little interruption of office routine.

Then, notice the difference. The perforated surface of CUSHIONTONE will trap and absorb up to three-fourths of all the noise that strikes the ceiling. In the new atmosphere of quiet, employees will naturally feel

better and, as a result, do their work more efficiently.

To make this practical CUSHIONTONE test, phone your local Armstrong acoustical contractor. Ask for his free estimate.

WRITE FOR FREE BOOKLET, entitled "What to do about Office Noise." Armstrong Cork Company, 4907A Walnut St., Lancaster, Pennsylvania.

ARMSTRONG'S CUSHIONTONE



Made by the Makers of Armstrong's Linoleum and Asphalt Tile



Better than gold!

If you could buy a solid gold valve for the price of a Hancock "500 Brinell" Bronze valve, you would make a poor bargain. For over indefinite years, longer than any boiler or pipe line could survive, the Hancock valve will continue to give you perfect, leak-tight service. Never will there be an interruption of production to repair valves! Never need you worry—for the seats and discs are so diamond-hard that nothing can even scratch them. No scale! No pipe turnings! No foreign matter of any kind! For permanent valve service through your life-time, install Hancock "500 Brinell" Bronze Valves.

Stocked and sold by leading Distributors everywhere. Write them or us for details.



HANCOCK
Valves

A Product of
MANNING, MAXWELL & MOORE, INC.
WATERTOWN 72, MASSACHUSETTS

Makers of Hancock Valves, Ashcroft Gauges, Conbraco Safety and Relief Valves, American Industrial and Microsonic Electrical Instruments. Builders of Show Box Cranes, Building and Industrial Hoists and other lifting specialties.



BUSINESS OPPORTUNITIES

offered or wanted, personnel, financing, equipment, etc., may be found in **Business Week's**

clues



MAIL-ORDER SUCCESS: Hal Zimmerman started business in 1944 in a closet. Now his . . .

Building a Mail-Order House

Hal Zimmerman's formula: Get exclusive rights to a "hot" item; be absolutely truthful in promoting it. It works.

American Merchandising Co.'s first expenditure for advertising amounted to \$16.80. That was back in 1944, when Hal Zimmerman and his wife Cecilia set up a tiny company to operate in the mail-order field. A.M.C.'s warehouse was the Zimmerman closet.

• **Growth**—Times have changed for A.M.C. since then. Last year the company spent \$110,000 in postage alone—for direct mail advertising, and for sending out the products ordered by A.M.C.'s nationwide clientele. Its gross business was \$800,000.

This year the 29-year-old ex-G.I. (he started the business while still in the Army) hopes to stir up \$3-million in orders. If he does he estimates that his postage bill will run to \$250,000.

• **Formula**—Zimmerman attributes a lot of the success of his business to a couple of time-tested mail-order phrases ("Send no money"; "Try 10 days at our risk") and his merchandising formula. Aim of the formula: to get and promote a "mail-order natural."

One of the first axioms of the formula is to get rights to exclusive distribution of the product. There's little point, says Zimmerman, in spending a lot of money on advertising and promotion if the prospect can walk into his corner grocery, appliance, or toy store and pick up the same item.

• **"Hot" Items**—Even with an exclusive distributorship, however, you have to make sure you have the right product.

To find this out, A.M.C. usually places an advertisement in one rural magazine, another in a Chicago or New York tabloid. The response gives some idea of where the item ought to be promoted. "And when you have a product that sells to both rural and city folk," says Zimmerman, "you're as happy as a kid on Christmas Eve."

Once A.M.C. has a "hot" item on an exclusive basis, the build-up starts. Zimmerman uses both direct mail and display advertising for this job. The main task in this sort of promotion, he says, is to describe the merchandise attractively—and truthfully. Misstatements in the advertising copy can cause a high number of returns. And less than 0.5% of A.M.C.'s mail orders today result in returned merchandise.

• **Variety**—A.M.C. has sold a wide variety of items since it started. Among the most spectacular successes: wrist-watches costing \$4.98 retail (Zimmerman sold 100,000 of these after wartime price controls folded); hand-operated washing machines at \$29.50, sold mainly to non-electrified farms; radios at \$24.50; educational toys costing from \$1.49 to \$3.95.

Currently, A.M.C. is concentrating most of its sales effort in the auto-accessory field. Zimmerman points to the increasing number of repeat buyers (persons who have bought more than once from A.M.C.) as an indication of this tactic's success. In 1948, only



NEW HEADQUARTERS house 70 employees

From Scratch

10% of the orders were from repeaters. This year the percentage has climbed to 15%.

• **Labor Relations**—A.M.C. is now set up to send out 1-million pieces of mail (advertising and the products themselves) a month. To do this job, Zimmerman employs about 70 people.

The company hires an unusually large number of handicapped persons to handle the incoming and outgoing mail. These include the deaf, the blind, and the aged, as well as persons with limbs missing.

Zimmerman's employee-relations program is aimed at keeping his workers happy. Everyone gets an automatic raise every six months. There is a bonus plan—plus vacations. And Zimmerman usually brings back gifts (ranging from radios to Swiss watches) from his numerous buying trips. This personal touch doesn't do employee relations any harm.

NEW FTC CHARGE

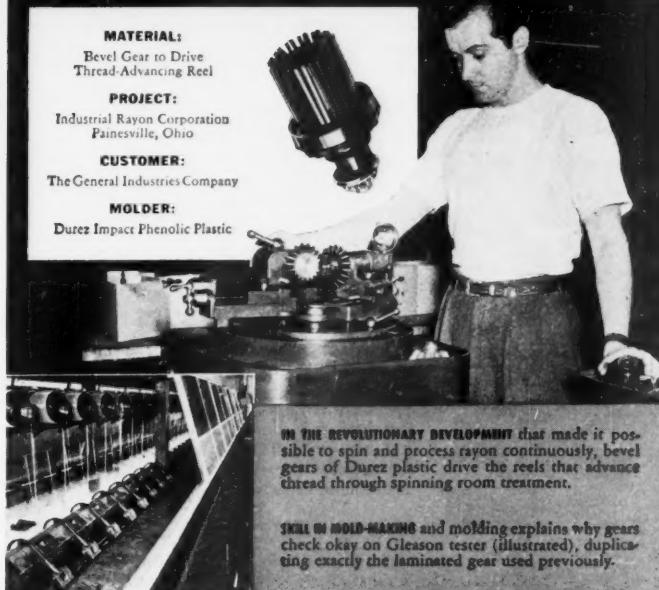
The Federal Trade Commission issued a complaint this week against General Foods Corp. The commission's charge: violation of the Robinson-Patman act.

FTC accused General Foods of discrimination in price among customers purchasing Certo and Sure-Jell for resale. The result was, said FTC, that some purchasers were thereby enabled to resell the products at prices which gave them an advantage over their competitors. General Foods made no comment.

**It pays to use your
custom molder's know-how**
say Industrial Rayon Corp. engineers



No. 8 in a series on Plastics Skill at Work ...



MATERIAL:

Bevel Gear to Drive Thread-Advancing Reel

PROJECT:

Industrial Rayon Corporation
Painesville, Ohio

CUSTOMER:

The General Industries Company

MOLDER:

Durez Impact Phenolic Plastic

IN THE REVOLUTIONARY DEVELOPMENT that made it possible to spin and process rayon continuously, bevel gears of Durez plastic drive the reels that advance thread through spinning room treatment.

SKILL IN MOLD-MAKING and molding explains why gears check okay on Gleason tester (illustrated), duplicating exactly the laminated gear used previously.

• One of the trickiest problems in the history of plastics, this 3-inch Durez bevel gear shows how completely manufacturers can rely on the know-how of good custom molders.

General Industries had already molded many thread advancing reels for Industrial Rayon's rayon-spinning process, using the Durez phenolic plastic with the ideal group of properties for this service. Then it was suggested that the benefits of plastic could be further utilized . . . in the bevel gear that forms a part of the reel drive assemblies.

Here was the difficult task of producing with micrometer accuracy, first a hobbed model with generated teeth, then the hardened steel mold itself, allowing for calculated shrinkage of the

plastic gear in the mold and in cooling. Not only was this done successfully, but the Durez gears were turned out under conditions so well controlled that rejects are few and far between.

Customer benefits? First, impressive economy. The Durez parts need but a single tapping operation, while the laminated ones required hobbing plus a machined metal insert. Other Durez advantages are chemical inertness, vital in the presence of corrosive solutions used in rayon spinning, also smooth natural finish, and impact strength.

For best results, call in your molder early in your plans, and call freely on the experience of Durez field experts.

Durez Plastics & Chemicals, Inc., 407 Walck Road, North Tonawanda, N. Y.



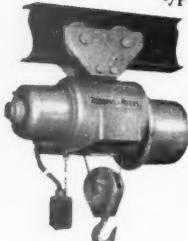
PHENOLIC PLASTICS THAT FIT THE JOB

YOU CAN CUT COSTS

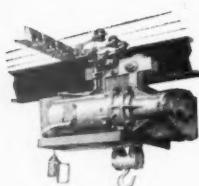
With R & M Electric Hoists



If you're like most manufacturers, your best place for cutting costs is in materials handling. And your best bet there is an R & M Hoist to speed production, prevent fatigue, save time of valuable skilled labor. Our experienced sales-engineers can visit your plant, analyze the handling problem and show in black-and-white how you can save. R & M speedy cranes and hoists handle loads from 250 lbs. to 20,000 lbs. There is a type for every need. Several are shown below.



"J" Hoist



Electric Hoists
Capacities from
250 to 20,000 lbs.



Electric and
Hand-Power
Traveling
Cranes

R & M TYPE "F" STEEL HOIST

This is R & M's answer to industry's demand for a quality engineered, low-cost hoist. The "F" is available in capacities of $\frac{1}{4}$, $\frac{1}{2}$ and 1 ton, with hook, trolley or lug suspension. Extremely versatile, it can be adapted to many tasks. This wire-rope hoist is available with rope or push button control.

R & M ELECTRIC TRAVELING CRANES

From track to hook the load rides on steel in this rugged, reliable R & M hoist. It is compact, requires little headroom and can handle loads efficiently from all angles. Since we build the famous R & M line of industrial motors, every R & M hoist will have exactly the right motor for the capacities it will handle. Type "F" is available in capacities to 20,000 lbs.

R & M WINCHES

Compact, self-contained R & M winches can be mounted wherever needed. Their heavy-duty construction permits continuous operation. Drum and capstan types. Capacities from 250 lbs. to 60 tons.

"Take it up with R & M"

ROBBINS & MYERS · INC.

• HOIST & CRANE DIVISION •

SPRINGFIELD 99, OHIO • BRANTFORD, ONTARIO

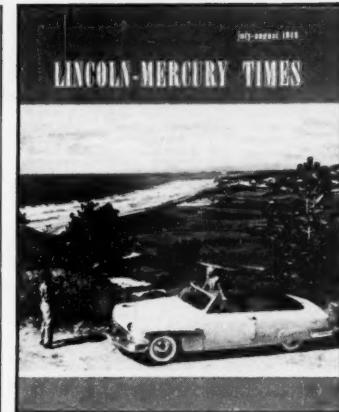
Please send detailed information about the R & M equipment checked:

"J" Hoists—capacities to 1 ton Cranes—capacities to 25 tons
 "F" Hoists—capacities to 10 tons Winches—capacities to 60 tons

NAME _____ TITLE _____

COMPANY _____ ADDRESS _____

CITY _____ ZONE _____ STATE _____



BIGGER AND BETTER, the Lincoln-Mercury Times is latest among Ford . . .

Goodwill Builders

Free magazines for auto customers is a growing trend. Dealers help foot the bill, get their share of credit.

Keeping in touch with your customers is important in any business—but it's doubly important if the product you sell is something people don't buy every day in the week.

• **Take Auto Makers**—A prime example is the automobile business. For many years, auto makers have been keeping themselves in the customer's parlor by means of direct-mail pieces. And one of the most popular forms of this kind of promotion has been the magazine that talks about travel, hunting, cooking, and cars.

Now that paper and printing are off (and customers are threatening to get on) the scarcity lists, the auto makers are redoubling their publishing efforts (BW-Dec. 28 '46, p33).

• **New Times**—This week the Ford Motor Co. issued its first edition of the new Lincoln-Mercury Times. Up to now, the Lincoln-Mercury Times had been a small digest-size monthly patterned after the company's Ford Times—and containing much of the same material. From now on the new magazine will come out once every two months. It's bigger (8½x11 in.) than the Ford Times. What's more, it will run its own stories and articles. Edited for a somewhat higher income group, it will concentrate on travel subjects. Each issue will carry a feature story on a famous university, a country club, and at least one restaurant.

• **Big Business**—This kind of public relations—plus Ford's employee-relations

How Many People Go Into



a Drum of Industrial Finish?

More than you think.

It is hard to appreciate all the detail that goes into perfecting a finish for a desk or a typewriter, or the innumerable other items for which Atlas is called upon to provide durable good looks. Our job is not only to prescribe a finish that will look attractive on the sales floor, but also to provide durability against the usage to which the product will be put . . . and do it at a reasonable cost.

From every angle, Atlas technicians must study and test in the laboratory and in the field; ferret out unexpected problems; consult on the customer's own production line. We call such efforts "customer service," and our Customer Service Department is the coordinator of every phase of activity for customers.

Service from every angle is typical of *all* Atlas products. No matter what the item may be . . . industrial explosives, industrial finishes, processing chemicals, laundry roll covers, activated carbons . . . each is protected by thorough Atlas research that covers every angle. The customer can feel assured that even the most remote avenue has been fully investigated scientifically before *his* order is delivered.

This type of service plays a big part in satisfactorily supplying the needs of industry—and Atlas is well equipped to render the most efficient service—sales-wise, laboratory-wise, and production-wise. If your product falls within our range of activities, Atlas technical and engineering staffs are ready for your call.

For finishes, address **Atlas Powder Company** at Stamford, Conn.; or North Chicago, Ill.



ATLAS

POWDER COMPANY
WILMINGTON 99, DELAWARE
Offices in Principal Cities

Industrial Explosives • Industrial Finishes • Laundry Covers • Acids

Activated Carbons • Hexahydric Alcohols • Surface Active Agents



*Model 11—1/4 HP window-sill type

YORKAIRE ROOM CONDITIONER

You who enjoy all the benefits of true air conditioning in your office, plant or store can now get the same comfort and quiet at home in your living room, den or sleeping quarters with a Yorkaire Room Conditioner. They are quickly and easily installed. Yorkaire Room Conditioners give more comfort at less cost.

Ask your York Dealer about the dependable hermetically-sealed refrigerating system. It's fully guaranteed by a generous York five-year protection plan.

There are three gorgeously-styled Yorkaire Room Conditioners ready for immediate installation in your home or office. Don't postpone the necessity of air conditioning any longer. Create your own clean, filtered air that is a boon to hay fever and asthma sufferers. Don't swelter this summer. Don't stifle next winter. Shut out dirt and noise now.



YORKAIRE CONDITIONERS

Ideal for stores, restaurants and institutions. Same traditionally superior York construction. Features exclusive York COOLING MAZE.

BETTER AIR CONDITIONING
MEANS BETTER BUSINESS

LOOK for these York features:

- hermetically-sealed refrigeration system
- winter ventilation independent of cooling
- soundproofed cabinet
- draft-free circulation
- rapid room air exhaust
- giant dust-trap filter
- modern styling
- 5 year warranty



Model 22
1/4 HP window-sill type.
Two-tone finish.



Model 32
1/4 HP console-type.
Walnut finish.

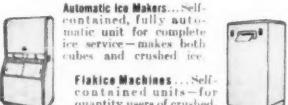
BEST WAY to buy air conditioning is from a specialist. Your York Dealer is well qualified to serve you. If you plan any air conditioning installation, consult now with your nearest York District Office. Whatever your particular problem, York engineers and dealers are fully equipped with facts and figures to assist you.



Frozen Food Cabinets... For complete service in homes, restaurants, hospitals and institutions.



Automatic Ice Makers... Self-contained, fully automatic unit for complete ice service—makes both cubes and crushed ice.



Flakice Machines... Self-contained units—for quantity users of crushed, cracked or shaved ice.



Refrigeration and Air Conditioning

HEADQUARTERS FOR MECHANICAL COOLING SINCE 1885

programs—have put the company deep into the publishing business. Right now Ford publishes Ford Times, Lincoln-Mercury Times, and Ford Truck Times for its customers; The Ford Dealer for its dealers; and 22 house organs for its employees.

In various forms, the Ford Times goes back to 1908. During its lifetime it has been a magazine for dealers, a house organ for employees. Now it is edited for the general public. The Lincoln-Mercury Times was first issued in December, 1947.

When it comes to circulation, the Ford publications are in the big leagues. The Ford Times goes out to 1.4-million persons every month. The Lincoln-Mercury Times has a circulation of some 200,000; with the debut of its new format, it's expected to go to 300,000. Ford Truck Times (a bimonthly launched a year ago) circulates to 2.1-million.

• **Dealer Pays**—In general the automobile companies' "consumer magazines" are aimed at producing brand loyalty and goodwill. Ford puts it up to the dealer just how much of each he wants to build in his community—since the dealer has to pay the bill (roughly a dime a copy). The reader doesn't have to pay a cent.

A Ford dealer has two choices. He can buy individual subscriptions for the people on his mailing list, or he can buy the magazine in bulk. In either case, every copy distributed carries his name and address on the back cover.

• **To Advertise?**—On the matter of how to promote its automobiles by means of magazine content, Ford splits with some of the other auto companies. General Motors' magazines, Friends (Chevrolet) and Buick, for instance, run display advertisements—for their own products only; none of the magazines solicit "outside" advertising. The Ford magazines carry no display advertising; they don't even mention the cars much in the editorial pages.

• **Local Color**—To keep the customers reading, William D. Kennedy, editor-in-chief of Ford's three customer magazines, tries to give a regional flavor in both the art—of which there is a lot—and articles. That's to bring the books down from a national plane to the local level. In the Ford Truck Times, Kennedy carries this idea even farther. It's largely a reader-written magazine. (As a counterbalance, however, the Ford angle is played up more in the Truck Times; testimonials are often sprinkled through the reader-written departments.)

• **In Art, Too**—Art director for the three Ford publications is Arthur T. Lougee. Ford has used so many paintings and color photographs in its magazines that it recently put on an exhibit of them in the Detroit Institute of Art. Later, the exhibition will tour the country.

A Store Reborn

Bradley and Badger of Salt Lake City, who said they were forced to quit by distribution blockade, find new suppliers.

A few months ago, Ralph O. Bradley and Bryant G. Badger, with their associates, became a statistic in the mortality tables of the retail-appliance business in Salt Lake City.

As proprietors of Uptown Appliance & Radio Co., Inc., they charged in a lawsuit against distributors that their company was forced to the wall because it refused to subscribe to selling at a "suggested price." To dramatize the death of their business and of the sellers' market, they displayed a coffin in the window of their Main St. store (BW-Mar. 26 '49, p21).

• **Change in Figures**—Now the two have become another kind of statistic. As Bradley-Badger Cut Rate Appliance Co., they're back in business, offering a well-rounded selection of nationally advertised appliances. Among their brands: Westinghouse, Hotpoint, RCA, Crosley, Zenith, Easy.

Bradley-Badger is short-circuiting the distribution system by buying in quantity outside the Salt Lake area. Their goods have come mainly from distributors in Chicago and Los Angeles, who

look fondly at anyone who will take carloads of appliances when demand is dull. But the stocks they have bought are not distressed merchandise, Bradley and Badger say.

"We were concerned about finding merchandise when we organized the new company," says Badger, "but we've found that it's remarkably easy to get everything we need. The only actual shortage we've encountered has been in sewing machines."

• **Fair Trade No Threat**—Fair-trade laws don't threaten Bradley-Badger, because most of the merchandise they handle carries a manufacturer's "suggested price" instead of a fair-trade price. And "suggested prices" aren't enforceable by law.

Bradley and Badger are aiming at a volume big enough to justify reduction of from 15% to 33 1/3% from the normal retail price. Besides intensive radio and newspaper advertising, they are trying spectacular merchandising methods to build floor traffic. Newspaper ads have featured coupons worth \$100 to \$125 in discounts from the regular retail price on certain ranges and refrigerators.

• **Little Retaliation**—Despite the general appliance-sales slowdown, few Salt Lake retailers are cutting prices to meet Bradley-Badger. Some observers feel that they (and the local distributors) would like to get Bradley-Badger on the hook, but just haven't yet found a way.

The Country's 20 Top Retailers

Retail sales hit a record peak of \$130-billion in 1948. It looks as if 1949 won't quite match that—though 1949 is still a very good year (BW-Jul. 16 '49, p24).

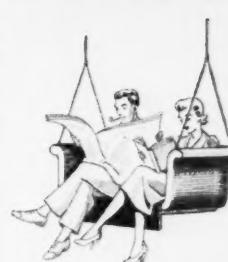
Who were the retail leaders of 1948? About the same as before the war, though their rankings have changed some. Here's the list of 1948's top 20:

Company	Rank	1948 Sales	Rank	1939 Sales	% Gain In Sales
Great Atlantic & Pacific Tea*	1	\$2,837,291,000	1	\$990,358,000	186.5%
Sears, Roebuck†	2	2,295,991,000	2	617,414,000	271.9
Montgomery Ward†	3	1,211,956,000	3	474,882,000	155.2
Safeway Stores	4	1,178,702,000	4	305,972,000	285.2
J. C. Penney	5	885,195,000	6	282,134,000	213.7
Kroger Co.	6	825,668,000	7	243,357,000	239.3
F. W. Woolworth	7	623,942,000	5	318,840,000	95.7
American Stores	8	417,467,000	10	114,824,000	263.6
May Department Stores†	9	407,266,000	12	103,905,000	292.0
Allied Stores†	10	392,199,000	14	103,243,000	279.9
First National Stores#	11	354,445,000	9	124,223,000	185.3
Federated Dept. Stores†	12	346,526,000	11	105,909,000	227.2
R. H. Macy†	13	316,103,000	16	84,974,000	272.0
Gimbels Bros†	14	307,290,000	15	92,231,000	233.2
S. S. Kresge	15	289,120,000	8	153,911,000	87.8
National Tea	16	270,177,000	19	56,824,000	375.5
W. T. Grant†	17	233,904,000	13	103,762,000	125.4
Marshall Field	18	224,657,000	18	84,029,000	167.2
Colonial Stores	19	169,203,000	20	40,080,000	322.2
S. H. Kress	20	165,366,617	17	84,851,000	94.9

* Years ended in January, 1940 and 1949.
† Years ended in March, 1940 and 1949.

Years ended in February, 1940 and 1949.

for
SWINGS
or
ANCHORS



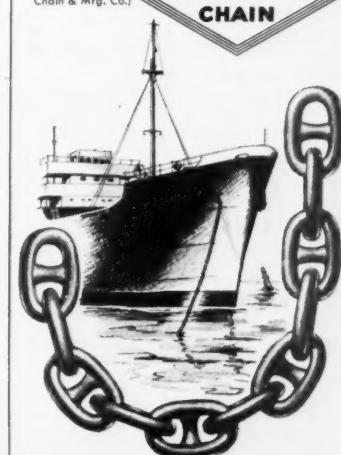
Campbell has the chain for the job
... for the heaviest strain of great
weights or slight suspension. There is
a Campbell Chain to fit every need.
For superior industrial, marine, farm,
and automobile chain, you will find
Campbell a complete one source
supply.

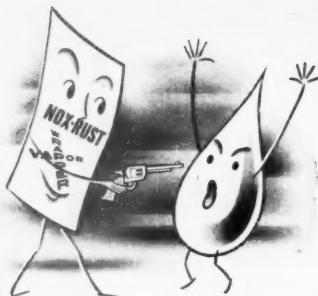
International's facilities are complete
in every detail to build the Campbell
Chain to do your job.

CAMPBELL CHAIN Company
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CHEMICALLY
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WRITE FOR THE FACTS

FINANCE

Billion-Dollar Banks' Recent Deposit Trend

Bank	Wartime Peak Dec. 31, 1945	Rank	Deposits (in Millions)				
			Dec. 31, 1948	Rank	Mar. 30, 1949	Rank	
Bank of America (San Fran.)	\$5,339	2	\$5,640	1	#5,263	1	\$5,408 1
National City Bank (N. Y.)	5,143	3	4,643	2	4,445	2	4,580 2
Chase National (N. Y.)	5,742	1	4,237	3	4,067	3	4,284 3
Guaranty Trust (N. Y.)	3,309	4	2,330	4	2,310	4	2,392 4
Manufacturers Trust (N. Y.)	2,556	5	2,223	5	2,112	5	2,235 5
First National (Chicago)	2,348	7	2,079	7	1,986	6	2,095 6
Continental-Illinois (Chi.)	2,647	6	2,160	6	#1,920	7	1,988 7
Security-First (L. A.)	1,654	11	1,620	8	1,552	8	1,539 8
First National (Boston)	1,578	12	1,371	11	1,393	9	1,419 9
Bankers Trust (N. Y.)	1,750	9	1,325	12	1,361	10	1,417 10
Chemical Bank (N. Y.)	1,747	10	1,435	9	1,327	11	1,366 11
Central Hanover (N. Y.)	1,843	8	1,401	10	1,326	12	1,350 12
Mellon National (Pitts.)	**1,055	16	1,202	14	1,182	13	1,202 13
Nat'l Bank of Detroit	1,259	15	1,208	13	1,158	14	1,165 14
Irving Trust (N. Y.)	1,303	13	1,113	16	1,037	16	1,075 15
Bank of Manhattan (N. Y.)	1,290	14	1,181	15	1,081	15	1,062 16
Cleveland Trust (Cleve.)	1,053	17	1,045	17	1,020	17	1,010 17

■ Apr. 11, 1949. * Includes deposits of Continental Bank & Trust Co., absorbed in 1948. ** Includes deposits of Union Trust Co., absorbed in 1946.

Bank Deposits Turn Up Again

Second-quarter reports show reversal of prior downtrend. Holdings of government bonds rise, too, but loan volume continues to drop. Steady earnings, conservative dividends expected.

Midyear bank reports have been piling up in the last few weeks. They show some important shifts in the commercial banks' financial pattern:

DEPOSITS have turned up again, after a period of considerable shrinkage (BW—Jan. 22 '49, p.94). In 1949's first quarter, deposits in New York's 20 largest banks dropped 4%; in the second quarter they reversed the trend and increased by 3.2%.

LOANS have been dropping since the end of last year (BW—May 21 '49, p.100). And the rate of decline has been increasing. The 20 New York banks' volume of loans outstanding dropped 0.5% between Dec. 31 and Mar. 31; the decline between Mar. 31 and June 30 was almost 3.5%.

HOLDINGS OF GOVERNMENT BONDS are shooting up again, after three years of steady decline. The New York banks reported a second-quarter increase of \$1.2-billion, or 13.4%, in their government portfolios; holdings of Treasury bonds had dropped \$600-million, or 6%, in the first quarter. Further-

more, these banks continued to buy governments heavily in July.

Of the 20 New York banks, only five had higher loan totals at midyear than they did last Dec. 31; only four had smaller government portfolios.

• **Federal Actions**—These changes were not entirely due to changes in the general business picture. Two important government actions were major factors:

(1) A sharp rise in Treasury spending. As a result of this, government deposits with the Federal Reserve System dropped from \$1.7-billion at the end of March to only \$500-million on June 30. The people and companies that get this money from the government then put it in commercial banks. This means that some \$1.2-billion of "new money" was funneled into commercial banking channels in the second quarter. That boosted deposits. And, because there wasn't enough loan business, the banks invested a lot of this money in government bonds.

(2) A drop in reserve requirements early in May. That boosted the banks'

investible funds, too—by something over \$1-billion. And much of this money also flowed into government bonds, for lack of a better place to invest it.

• **Earnings Record**—Commercial loans are the banks' highest-yield investments. So, when loan volume drops, it's never possible fully to offset the loss in income by investing the funds in securities.

But despite the sharp drop in loans this year, over-all bank earnings haven't done too badly. It's true that many banks reported smaller earnings in 1949's second quarter than in the same period last year. But the declines were mostly minor. And a lot of banks reported increases in earnings. In most cases, earnings covered dividends by fair margins. And most banks found it possible, after paying dividends, to improve their fiscal positions by adding to their surplus and undivided-profit accounts.

• **Good Showing**—The nation's largest bank—San Francisco's Bank of America—did far better than the average big bank in the first half of the year (table, page 60). Its earnings were almost \$30.7-million, compared to about \$27.5-million in the first half of 1948. Two factors were principally responsible for this good showing:

(1) It held on to its deposits. At midyear, they were only 4% under their record high.

(2) It kept its loan volume up. At midyear, loans outstanding were only 3% below their high.

In comparison, deposits in New York's National City Bank (the country's second largest) were off 11% from the high; loans were down 4%. And Chase National Bank (the third largest) reported deposits down 25%; loans, 9%.

• **Earnings Outlook**—What is the outlook for bank earnings. Bank stockholders don't seem too hopeful. The American Banker's index of the price of New York City bank stocks is almost 25% below the bull-market high set in 1946; it's less than 10% above the recent bear-market low. Shares of many leading Manhattan banks could be bought this week at prices that offered attractive yields of 4% to 5%.

There are certainly some unfavorable factors affecting the outlook. Among them: (1) the persistent downward trend of loan volume; and (2) the recent drop in yields available from Treasury and bank-grade corporate bonds (this is due to the sharp increase in the demand for such securities in recent weeks by banks and other institutional investors).

• **Favorable Factors**—But there are some favorable factors, too. And in the light of these, it seems unlikely that bank earnings will drop much below last year's record level. Among these factors:

(1) Operating expenses of banks have leveled off.

(2) The May cut in reserve require-



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ments relieved the banks of the need to carry such large amounts of "sterile," uninvestable cash. (For New York banks, for example, the order meant that \$400-million of assets that had formerly been held by the banks as cash reserves could be loaned out or invested instead.)

(3) Many banks have been going in recently for longer-term government securities, which carry higher yields. Previously, most banks had preferred the shorter-term paper, because of the greater liquidity offered. Reason for the switch: the drop in loan volume, with the consequent need for higher income from investments.

• **Dividend Outlook**—If bank earnings do stay close to last year's high level, bank dividends shouldn't drop much, either.

But they probably won't increase, despite the fact that last year's dividends were conservative in comparison with earnings. Reason: The banks want to hold on to a good share of earnings to build up their capital funds.

• **Critical Ratio**—There's a very good reason for that desire. Traditional banking theory holds that it's necessary to maintain a certain minimum ratio of capital to deposits for safety's sake. During the war, deposits zoomed as never before. Capital funds grew, too—but not nearly so fast. So, for most banks, the ratio dropped below the level that used to be considered comfortable.

To correct this situation, some banks have sold stock in recent years. But most have preferred to handle the job through retention of earnings. A few have actually turned the trick this way, but most are still a good way from the goal. So this factor can be counted on to keep bank dividends conservative for some time to come.

• **Slow Job**—Building up capital funds with retained earnings is obviously a slow process. Many bankers, however, don't feel that any more drastic action is necessary. Their reasoning: Such a large proportion of bank resources is now in the form of "riskless" assets—such as cash and government bonds—that the comfortable level of the capital-to-deposits ratio is much lower today than it used to be.

Insurance Rates Drop On Jewelry Policies

The Insurance Co. of North America has brought on a general 15% rate cut on personal jewelry insurance in New York.

• **Pattern Maker**—The slash, ordered by the State Insurance Dept., takes effect on all policies written after Sept. 1. It already has brought on similar rate whacks in several other states. (Premium

volume on jewelry insurance is about \$30-million a year in the U.S.)

The North America's move in New York follows its price-competition line in Pennsylvania. There the company's re-insurance rate cuts began a state investigation to see if other companies' rates weren't too high (BW-Jun.25'49, p92).

• Request for Cut—Here's what happened in New York. Companies that write jewelry insurance at the "bureau" rates (those set by the Inland Marine Insurance Bureau) were doing so well that some of them upped their commissions to agents. The move was designed to bring in more of the profitable jewelry business. The North America, itself a bureau company, wanted the "commission war" stopped. So it asked the State Insurance Dept. to let it charge 25% less than the bureau rates on personal jewelry policies.

The size of the proposed slash brought a vigorous protest from the bureau. It recommended, instead, a general cut of 10%. But State Insurance Dept. people felt neither figure was right; they thought something like 20% was more in order. The final 15% cut was the compromise.

FINANCE BRIEFS

Class I railroads had as tough a time in June as expected (BW-Jul.9'49, p78). Estimated gross revenues fell 13% under 1948 levels; profits may have skidded as much as \$60-million under June, 1948's \$94-million net.

Revenues of Time, Inc., jumped almost \$2-million to around \$66.7-million—a new high—in the first half of 1949. Net income, however, slipped \$200,000 below last year's net to \$4-million.

Savings-and-loan associations with assets of over \$20-million now number 62, reports Morton Bodfish, U. S. Savings & Loan League chairman. There were only 20 in 1931. Biggest unit: Washington, D. C.'s, Perpetual Building Assn., with \$103-million in resources.

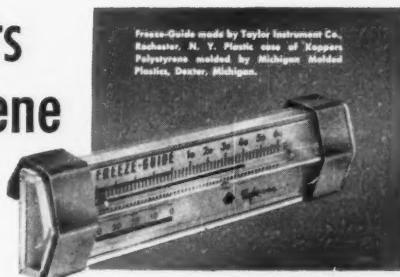
Three more film companies—Twentieth Century-Fox, Warner Bros., Loew's—were ordered this week by the Federal Court to get ahead with divorcing their film distributing and producing facilities from their theater interests. Paramount and R-K-O have already done so (BW-Mar.19'49, p98).

The Pictures—Harris & Ewing—72; Wide World—49; Dick Wolters—22, 23, 77, 78, 80; Ida Wyman—66.



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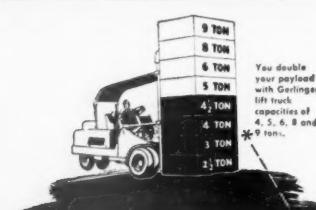
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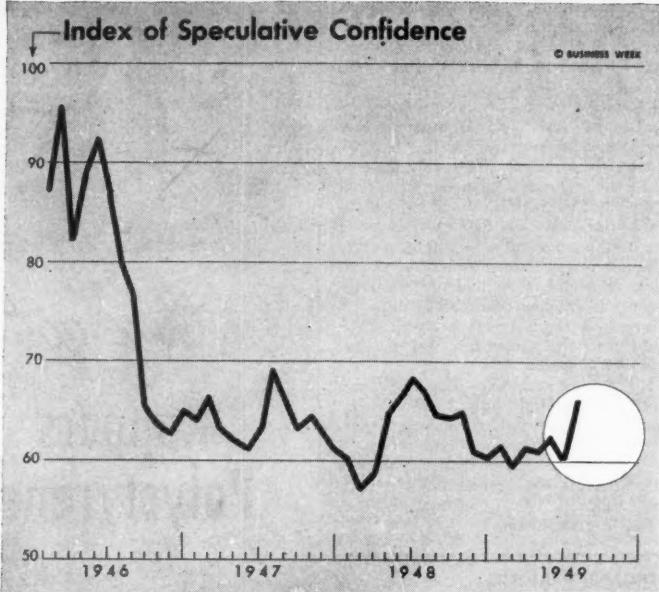
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THE MARKETS



Investors' Confidence Rises

Stock market is climbing despite decline in general business activity. There's still a big short position, but its existence shows stock rise wasn't due just to short-covering.

Six weeks of almost uninterrupted advance in stock prices have put broad smiles on the faces of a lot of investors. Much of the gloom that gripped Wall Street after the averages dropped to new postwar lows last June 13 has evaporated now.

And the rise in stock prices has developed in spite of the fact that business generally has been drifting down. That makes it all the more indicative of better feeling in Wall Street.

• **A Yardstick**—You can get a rough measure of this increase in confidence

by dividing the BUSINESS WEEK Index of business activity into the Standard & Poor's 90-stock index. The resulting Index of Speculative Confidence (chart) shows a gain of almost 6% in the month of July.

This picture isn't quite so good as it looks. You have to credit a fraction of the rise in the Index of Speculative Confidence to John L. Lewis. The coal miners' three-day work-week artificially depresses the index of business activity. And that gives the speculative confidence curve a steeper climb than it would have managed otherwise.

• **Market Performance**—Even so, the stock market performance needs no apologies. The Dow-Jones industrial average, in the six weeks following the 1946-49 low, rose in 19 out of 29 trading sessions. And on the days when it declined, the losses were small. Net result: a spurt in the average from the June 13 close of 161.60 to something better than 176 the middle of this week.

The bears haven't given up, of course. In fact, many of them took advantage

Security Price Averages

	This Week	Month Ago	Year Ago
Stocks			
Industrial	148.0	146.9	136.8
Railroad	37.8	37.1	35.7
Utility ..	73.4	72.7	70.2
Bonds			
Industrial	98.6	98.6	98.0
Railroad	80.1	80.0	79.3
Utility ..	97.4	96.8	96.5

Data: Standard & Poor's Corp.

of the rise in the market to put out more short lines (under SEC rules, a rising market is the only time you can sell short). Many traders had assumed that short covering accounted for much of the buying activity during the past six weeks. But when the Stock Exchange checked short positions in mid-July, it found that the total short interest had increased.

That means that there are still plenty of bears betting on an early drop. But it also means that the rise of the past

six weeks was a genuine rally and not just a technical rebound.

• **What to Watch**—The real test will come when this rally plays itself out and the reaction sets in. If the market can take a setback without going under 168 or thereabouts, bulls will consider the June bear signal officially canceled.

So far second-quarter earnings statements (page 19) have been running somewhat better than most traders expected. This partly accounts for the bounce that the rally has shown.

Corporate Dividends Continue to Rise

Dividends in the first half of 1949 didn't follow the general downtrend of corporate earnings (page 19). Instead, they ran well ahead of last year's levels, as a whole.

Cash payments on shares listed on the New York Stock Exchange come to more than \$1.8-billion in the six months. This total was \$186-million, or 11.2%, more than the holders of the same issues got in the first half of 1948.

But if you examine the Big Board's detailed report on first-half payments (table, below), you can see plenty of indications that the picture isn't quite so bright as it looks on the surface.

In eight of the 27 industry groups, for instance, dividends ran under 1948 levels. About 78% of all this year's dividend gains are accounted for by just five of the groups. And dividends on 155 issues (15% of those covered) were cut or suspended this year.

Nonetheless, the overall showing is encouraging. It proves the wisdom of management's recent conservative dividend policies. When you make a practice in boom times of paying only a relatively small portion of your profits to stockholders, it usually isn't too hard to maintain dividend rates unchanged when boom-time earnings start tailing off.

Industry	Jan.-June			Dividend Results			Approx. Amount of Dividends (000 omitted)	% Change 1949 vs. 1948
	Number of Payers	Dividend 1948	1949	Higher	Same	Reduced		
Aircraft.....	24	4	9	7	2	1	\$5,485	+16.9%
Amusement.....	24	17	16	3	6	8	31,349	-31.0%
Automotive.....	69	58	53	23	27	10	128,942	+42.6
Building.....	29	27	28	10	16	2	21,109	+6.3
Chemical.....	79	74	71	16	48	10	179,937	+15.0
Electrical equipment.....	20	20	18	3	13	4	39,099	+13.6
Farm machinery.....	8	6	7	2	4	1	20,056	+1.1
Financial.....	30	26	27	15	11	1	34,947	+40.10
Food, beverages.....	68	65	61	9	38	18	107,781	-10.4
Leather.....	11	10	9	0	4	6	10,638	-10.234
Machinery, metals.....	102	92	93	28	50	18	62,663	+6.7
Mining.....	38	30	26	8	14	8	63,128	+5.504
Office equipment.....	10	9	9	2	6	1	13,851	+14.980
Paper, publishing.....	35	33	31	7	20	6	32,183	+32.201
Oil, natural gas.....	43	40	39	16	18	7	207,769	+13.0
Railroads, R.R. equipment.....	82	52	57	15	38	5	104,955	+12.9
Real estate.....	10	6	7	1	6	0	6,085	+6.287
Retail trade.....	71	65	64	13	41	11	114,054	+124,681
Rubber.....	10	8	8	0	6	2	18,530	+16,421
Shipbuilding, operating.....	11	8	9	1	7	1	7,261	+118
Steel, iron.....	39	31	34	19	11	4	70,184	+86,736
Textile.....	43	41	42	11	19	12	41,273	+40,785
Tobacco.....	16	15	15	4	10	1	34,335	+38,451
Utilities.....	76	64	62	21	38	6	224,546	+243,049
• U.S. Co.'s oper. abroad.....	24	11	11	0	6	5	33,337	+31,078
Foreign companies.....	17	13	13	4	7	3	40,326	+41,068
Other companies.....	18	17	17	6	8	4	12,514	+11,967
Total.....	1,007	842	836	244	474	155*	\$1,667,147	\$1,853,275 +11.2%

*Payments were reduced on 118 issues, eliminated or deferred on 37 issues.

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FOREMAN'S ASSN. HEAD Carl Brown, disappointed by Congress, is keeping his . . .

Foremen Sitting Tight

Failure of labor to repeal Taft-Hartley hits Foreman's Assn. of America hard. Since T-H gives foremen no legal protection, union is in precarious spot. It aims only to hold its own till '51.

Management can count on two years of no progress in foreman unionization.

Until 1951, at least, the Foreman's Assn. of America will still be in the picture. But there can be no real moves to organize the supervisory personnel who make up the lower levels of management. That's because the Taft-Hartley curbs on foremen unions are still on the books. This week it was evident they would stay there for some time.

• **Lost Ground**—Labor's failure to get T-H repealed hit F.A.A. harder than most unions.

F.A.A. wanted something like the Wagner act to help it regain lost strength and prestige—and to force industry's plant doors open again. The Wagner act gave foremen the protection of federal labor laws in organizing and collective bargaining. The T-H act took it away from them in 1947; that means companies no longer have to bargain with foremen through unions.

As a result, F.A.A. lost half of its membership, and about 150 chapters, in one year. Many companies without contracts quit doing business with F.A.A. Others wouldn't renew pacts as they ran out.

• **Still Functioning**—Still, F.A.A. today claims it has 20,000 members. Union president Carl Brown thinks present

membership is just about stabilized now.

Among companies still under F.A.A. contracts are: Kaiser-Frazer, Hudson Motor, Detroit Edison, and Detroit Lubricator, all in the Detroit area.

At Ford, where F.A.A. ran into serious trouble in 1947 and lost a major strike, the chapter is still functioning—but it's mostly underground. It's definitely unwelcome.

At Chrysler, where F.A.A. says it still collects dues from 75% of all foremen, the company no longer hears grievances from union representatives, nor bargains with them. The same sort of relationship exists in a number of other plants.

• **F.A.A. Gains**—On the other side of the scale, F.A.A. has made some headway in organizing mates and engineers on Great Lakes vessels. It also has signed contracts covering car ferry crews of Wabash, Ann Arbor, and Grand Trunk Railroads, operating on the Detroit River and Lake Michigan.

These new gains just about balance 1949 losses in F.A.A. membership.

F.A.A. isn't trying any expansion right now. It's in too precarious a position, legally, to launch any all-out organizing drives. It's concerned just with keeping membership up—while waiting, and working politically, for legal protection of unionization of foremen.

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Overtime Relief

Truman signs bill that frees management from threat of overtime-on-overtime payments under Wage-Hour act.

After a year of concern and confusion, management is free from a threat of having to pay millions of dollars in back wages.

• **Worries Gone**—President Truman last week signed a bill that ended the possibility of compulsory overtime-on-overtime pay under the Fair Labor Standards Act. It lets an employer pay premium rates for work done outside specified "regular" hours without adding the premium to straight-time rates.

Moreover, the law says that premium rates for work done on Saturdays, Sundays, holidays, nights, or the sixth or seventh day of the work week "may be credited toward overtime compensation which may be due under the Fair Labor Standards Act for work in excess of 40 hours in a work week."

• **Court Ruling Out**—Thus, the bill nullifies the effects of the Supreme Court decision in the now-famous Bay Ridge Stevedoring Co. case (BW—Jun. 12 '48, p.99).

That decision held that premium pay for work done outside "regular" hours isn't "true overtime" pay as required by law. The court said the premium must be included in computing the "regular rate" on which time-and-a-half overtime is paid.

The new law, the first labor legislation passed by the 81st Congress, had support of the government, management, and labor. It applies to all industries covered by the Fair Labor Standards Act. And it is retroactive. • **What It Does**—In general, the new law legalizes the overtime-pay practices that many employers followed before the Bay Ridge decision. These practices were permitted by the Wage-Hour Administrator.

Basically, the law permits an employer to count as statutory overtime pay:

(1) Any premium paid for work on Saturdays, Sundays, or holidays—or for the sixth or seventh day of the work week, regardless of total hours worked. (But the premium can not be less than one and one-half times the regular hourly rate for work on other days.)

(2) Any premium paid for "work outside the hours established in good faith by contract or agreement" as the regular work day (of not more than 8 hours) or the regular work week (of not more than 40 hours). Again, the premium rate must not be less than one and one-half times the rate for non-overtime work.



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Boys Learn About Industry



PUNCHING A CLOCK is part of these teen-agers' "job" at Solar Aircraft. So is . . .



WORKING ON ENGINES, to learn about a combustion motor. Some prefer . . .



GETTING TOOLS to gain experience with woodworking. Teen-agers were enthusiastic

Y First Hand

Summer "jobs" at the plant teach sons of Solar Aircraft employees what their dads do, how business functions.

Boys of 12 and 13 are punching the timeclock at the Solar Aircraft Co., in San Diego, these days. But they're not child labor. These boys are participating in a program carefully designed to "get their feet wet" in industry.

Early this summer, Edmund T. Price, Solar president, looked around for a plan that would give teen-agers (1) something to do during their school vacations, and (2) some idea of the kind of work their fathers do in the Solar plant. • Through the Mill—He found what he was looking for. So early this month Solar started a twice-a-week, pay-at-work program for 12- and 13-year-old sons of its employees. All of them were invited; a large percentage turned out.

They went through a telescoped version of the Solar hiring program. They filled out job application blanks—listing under "past experience" their school grades. Interviewers questioned the boys on their interest in mechanics or woodworking—and assigned them to a "job" in the work they preferred. The company handed out badges and timeclock numbers. Then the initial three-hour session wound up with a safety talk and official welcome for the boys in the plant cafeteria.

• Manual Training—At the next session, boys reported at 1 p.m., punched the clock, and got their hands dirty. One group started to tear down automobile engines, later rebuilt them under supervision of a Solar mechanic. An automobile dealer furnished the cars; Solar guaranteed that they would be returned in better condition than received. Another group got woodworking tools and started on manual-training projects. Solar furnishes the materials; the boys can keep whatever they turn out.

For safety reasons, none of the boys used power tools.

In addition to work at their "jobs," boys (1) have a chance to see their dads at work making aircraft parts; and (2) hear short indoctrinal talks on industry. (Price frequently meets with them to talk about the function of management, about stockholders, and about where the company's money comes from, where it goes.)

• Byproduct Benefits—What's in the program for Solar? There are a number of answers, but Solar will count the experiment successful if, as Price puts it, the boys "pick up a little knowledge of the economic facts of life." He also

He's Been Getting Away With Plenty . . .

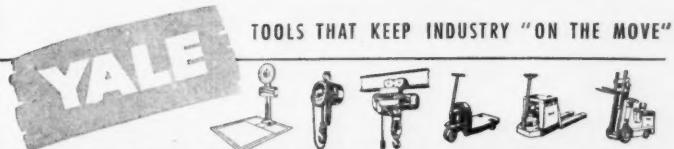


\$38,000 SAVED on every 27,000 engines shipped. That is the experience of a tractor manufacturer who now ships on pallets instead of handling engines loose. Pallet trucks speed freight car loading—lift and move big unit loads in a fraction of the time it formerly took.

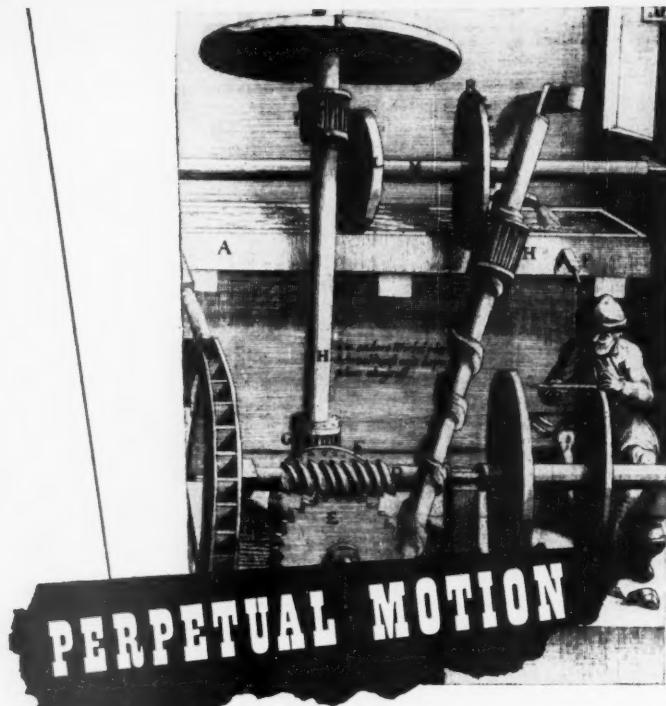
For cost-conscious management, troubled with break-even-point-itis, this achievement is a potent reason why material handling can no longer be ignored. Yet it is only one of many examples of savings that result wherever management puts the squeeze on the high cost of keeping material on the move.

How much you can save in your handling operations depends on the aggressiveness of your attack on the problem. Many executives have already found *The HOW Book of Cost-Cutting Material Handling* invaluable in visualizing improvements and reducing costs.

A copy of this fact-filled guidebook is yours on request. Write The Yale & Towne Manufacturing Company, Department X-7, Roosevelt Boulevard, Philadelphia 15, Pennsylvania.



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Copper engraving by Boeckler, circa 1675
Courtesy of The Bettmann Archive

This 17th Century grindshop was designed to be operated by a water mill that was supposed to produce perpetual motion

The advantages of perpetual motion—as well as the impossibility of achieving it—have long been apparent to those who are interested in problems of power transmission.

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SPECIALISTS IN INDUSTRIAL CLUTCHES SINCE 1918

hopes that the project will add to the boys' character and pride in work—possibly help them decide what they want to do when they finish school.

There may be some byproduct benefits for Solar, too. For instance, the boys are talking Solar at home, and parents are reflecting the boys' enthusiasm in their "jobs."

• **Part of a Trend**—The effect of early indoctrination of children has been recognized for a long time by labor unions. Most have programs set up in their educational departments for members' children. Leftwing unions, in particular, are active in organizing classes, clubs, and even "junior unions" to entertain and teach the kids—and at the same time to make reliance on unions a natural thing for them.

While the Solar program wasn't adopted with such a thought in mind, it does fall into a pattern of more management interest in the children of employees. Another current example: a slick monthly publication, Adventures in Science, aimed at teen-age children of General Electric Co. employees in Schenectady. This uses readable, well-illustrated articles on science, plus information about G.E.

LABOR BRIEFS

No wage increase is justified now in the Massachusetts shoe industry, the Bay State Dept. of Conciliation & Arbitration has ruled. The decision came in a pay dispute involving 12,000 C.I.O. shoe workers. They had asked for 10¢ raises from 65 employers.

Oliver Corp. and C.I.O. farm equipment workers have signed a new two-year contract giving no pay boost (the union wanted 5¢), but granting "fringe" benefits costing 5¢ to 4¢ an hour. The pact ended an 18-day strike at Charles City, Iowa.

C.I.O. chemical workers have called off a 77-day strike at National Carbon Co. plants—without a contract, economic gains, or jobs. The company's three plants reopened in June with "several hundred" employees who heeded a back-to-work call, plus some replacements. Now, the company says, no more jobs are open.

Affiliating with the C.I.O. didn't alter the contract rights of an independent telephone union—because officers, constitution, and bylaws stayed the same, and members voted for the change. NLRB so decided in rejecting a Bell Telephone challenge of the C.I.O. union in Michigan. The decision sets a precedent for similar Bell cases involving 220,000 workers in other states.

U.E. on the Run?

Probably not, despite recent setbacks. Aim is to move when time is ripe—and deflate rival unions.

One of the week's big questions on the labor front is: What has happened this year to C.I.O.'s United Electrical, Radio & Machine Workers?

• **Setbacks**—U.E. advocates militant unionism. Ordinarily, it is a loud-talking, table-thumping wage bargainer. Yet it has just taken, without squawks, two sharp reversals from important, pattern-setting employers. First General Electric Co., then Westinghouse Electric Corp., told U.E. that business conditions today don't warrant raising pay.

U.E. took the flat turndowns on wage demands without any fireworks. Union negotiators agreed to recess wage talks.

Does U.E.'s willingness to avoid a showdown—or at least to delay one—mean less aggressive bargaining in the electrical manufacturing industry? And does it mean that U.E., along with other left-wing unions, is on the run?

The probable answer to both questions is no.

• **One Solid Front**—Without doubt, U.E. has had severe setbacks in the past year. It has lost some juicy contracts and has suffered big membership losses because it couldn't defend itself in collective-bargaining elections. But even foes agree on one thing: On economic issues, the union still is solid.

U.E. negotiating committees started contract-reopening talks with G.E. and Westinghouse in June. At the union's suggestion, initial discussions with both employers involved the industry's general business prospects.

• **No Pay Boost**—What the employers had to say about business wasn't news to U.E.: Warehouses are full; appliance sales are way down; unemployment is a problem in many G.E. and Westinghouse plant areas. Still, U.E. stuck to its guns, demanding a \$500-a-year "package" raise.

Last week, both employers called a halt to wage bargaining. It would be folly, they said, to go on talking about raises—and perhaps encourage workers to hope for more pay in 1949—when no pay boost is going to be forthcoming.

• **No Retort**—In other years, this would have brought strong strike talk from U.E. This year, U.E. had no aggressive retort. There were three reasons:

(1) G.E. and Westinghouse plant-wide vacations are coming up—and a plant-shutdown period is no time for economic pressure, the unions figure.

(2) Right now, the public is too jittery about bad business to see eye to

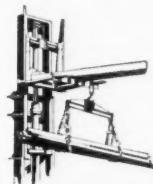


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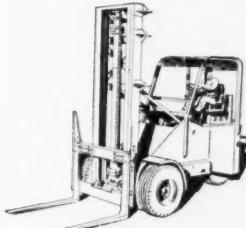
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eye with a union on new wage demands. And, more and more, unions are depending on public support to help win tough wage struggles.

(3) U.E. delayed giving a 60-day T-II strike notice until mid-June. So it can't strike legally until mid-August.

• **Wait for Steel?**—What's going to happen then? Conceivably, U.E. might hold off in its bargaining until September, say "me, too" to any terms suggested by steel fact-finders (BW—Jul. 23 '49, p19). But when U.E. bargaining committees met recently with top union officers, they were told that the union "can't afford to wait on the steel board's report"—which might not go as far as U.E. would like in the fourth round.

• **Rivalry**—Because of the present left wing-right wing tension in C.I.O., there is only a token collaboration in wage drives of U.E., on the left, and the United Auto Workers and the United Steel Workers, on the right. There also is more jealousy than ever before about the size of contract gains.

U.E.'s leaders believe they have a big personal stake in producing a better settlement than Walter Reuther of

U.A.W. or Philip Murray of U.S.W.

For one thing, U.E. officers are up for reelection in September—and face some pretty strong competition. Opponents already are accusing the leftist incumbents of too much attention to the Communist party line, too little to straight union business. Leftists know a good bargaining settlement before mid-September would buck up the left's election chances—which now are just a little better than even. Moreover, leftists think a better contract deal than right-wing U.A.W. or U.S.W. would take some of the heat off U.E. when the C.I.O. cracks down again on its leftist minority of unions at its October convention.

• **Achievements**—So far this year, U.E. has signed 225 contracts covering 146,000 workers. The agreements are about evenly divided between contracts closed until early 1950, and contracts with fall reopenings. U.E. estimates that settlements so far provide an average package increase amounting to about 11.8c an hour. U.E. negotiators are after at least this much from G.E. and Westinghouse—which would be about half of the \$500-a-year target.



DOCK FOES James Blaisdell (for employers) and Harry Bridges (for union) reach . . .

No Truce in Hawaiian Port Strike

Senate Labor Committee efforts to find a peace formula for the three-month Hawaiian dock strike failed last week. The committee bowed out of the dispute after getting nowhere in talks with James P. Blaisdell, spokesman for longshore companies, and Harry Bridges, head of C.I.O.'s striking, leftist International Longshoremen's & Warehousemen's Union.

Blaisdell rejected proposals for Washington contract negotiations. The issues are too complex, he said, to take up

away from the Islands. Wages are secondary; the big interest of the union, he testified, is nationalization.

Bridges disagreed. He said the tieup is "just an economic strike" for more pay. (The union is asking for a 32c raise; companies so far have offered 14c.)

The next move may come from the Territorial Legislature—which at mid-week was studying seizure as a way to get ships loading and unloading again at island ports.



DIES WITH LONGER LIFE

New Sunicut with Petrofac* Eliminates Frequent Regrinding of Tools in Radio Parts Plant

A manufacturer of radio parts recently tripled the life of threading dies by changing to one of the new Sunicut cutting oils made with Petrofac—an all-petroleum compound that contains no animal or vegetable fatty oils, and will not turn rancid. Before he changed to Sunicut, the threading dies could be used only 10 hours without

regrinding, but now they are used for 30 hours.

The smoother, more economical manufacturing that resulted is typical of the benefits obtained in hundreds of plants where Sun "Job Proved" products are at work. For example, a tire company eliminated an entire manufacturing step by using a Sun Rubber Processing Aid. A paper

mill, by switching to an adhesive Sun grease, saved approximately \$2,900 a year in labor and cleaning costs. A steel mill saved \$4,416 a year on the cost of lubricants after changing to Sun.

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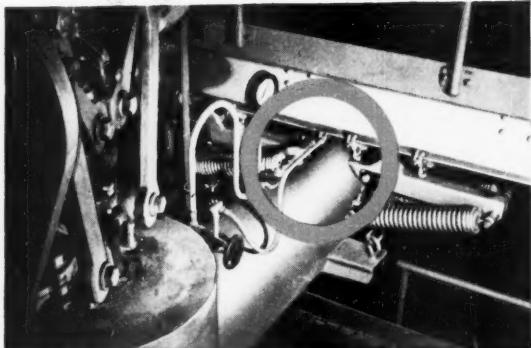
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INTERNATIONAL OUTLOOK

BUSINESS WEEK

JULY 30, 1949



Britain's Conservative party has underwritten Labor socialism with its "me, too" election platform.

The Conservatives are endorsing just about everything Labor stands for—except nationalization of basic industries.

The Tories accept the welfare state wholehog.

The state must be responsible, they say, for (1) full employment; (2) high wages and social services; (3) national health insurance; (4) higher pay for teachers and the armed forces, plus higher pensions all around.

A cut in income and sales taxes is promised—but not in levies on business.

Most government controls over industry and finance are to stay put.

As for trade policy, the Tories come out flat against freer trade.

What they want most is to put the imperial preference system back on its feet.

One definite proposal: long-term purchase contracts to stabilize the market for colonial raw materials. (London observers attribute this idea to Oliver Lyttleton who helped establish the prewar "regulation" schemes for tin and other metals. Lyttleton is a likely successor to Chancellor Cripps if the Conservatives win the election.)

Now that U. S. Treasury Secretary Snyder is back from Europe, there's no more public talk in Washington about European currency devaluation.

And you can expect Snyder to lay off the subject for a while at least.

The fact is he told Cripps in London that the U. S. was willing to wait while the British had another try at getting their prices down, their exports up.

Watch the British wage front, not Washington, for a clue to pound devaluation.

British rail workers are on the warpath again. They have threatened a go-slow strike unless their wage claims are met.

What the Attlee government fears is a general round of wage boosts if the rail men get theirs. And that would push British prices up still higher, make devaluation almost inevitable.

By October France, too, may be in the midst of a new battle over wages.

The skirmishing started this week when Labor Minister Mayer gave certain government employees a vacation bonus.

Socialist backers of the Queuille coalition applauded. But the liberal-conservatives, led by ex-premier Paul Reynaud, promptly lit into the government. So did the French employers association.

These critics charged that an extension of the bonus idea could boost France's annual wage bill by 100-billion francs.

That would set off a new inflation, hurt exports.

The wage problem is a tough one for western Europe.

Since World War I, European workers have been fighting for a bigger share of the fruits of industrial progress. And this social revolution has gathered speed since World War II.

The fact is that western Europe's industry no longer has a cheap labor

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
JULY 30, 1949

pool to draw on. That's one of the big reasons why the area is having so much trouble balancing its income and outgo.

As European experts see it, there are two ways out of this jam:

(1) Raise productivity by more intensive use of capital. This means extending present capital investment programs indefinitely. It also means creating a bigger market in Europe by breaking down national boundaries.

(2) Force a lower standard of living on the workers. The danger here is that you might destroy democratic government in the process.

France is having its worst drought in 75 years.

Fortunately the wheat crop was harvested before much damage was done. But fodder crops have been hard hit.

Worse still, a winter power shortage seems certain. That's sure to put a crimp in industrial production. (Some factories in the Paris area have suffered power cuts already).

Water in French dams averages 37% of capacity against 78% this time last year.

Congressional pressure is forcing a change in the Administration's China policy.

The State Dept. is at least paying lip-service to the idea now that U. S. military aid for Chiang and other anti-Communist leaders might still pay off.

There's no telling when or how this shift in thinking will be translated into action.

But you'll see signs of it when State publishes its China "White Paper".

Originally this document was to contain a bitter blast at Nationalist corruption and inefficiency. But most of this stuff has now been dropped.

Instead the White Paper will concentrate on Russia's role in the China story. Moscow will get it in the neck for stripping Manchuria of \$1-billion worth of industrial equipment.

Yugoslavia still has some concessions to make before it gets a World Bank loan (BW-Jul.16'49,p96).

One of these: withdrawal of Yugoslav currency from Tito's zone of Trieste.

The State Dept figures that this (1) would remove Italian fears about outright Yugoslav annexation; and (2) might be a step toward eventual return of Trieste to Italy.

Meanwhile, Tito has turned to private U. S. banks for help. He has asked the Bank of America for a \$15-million loan. However, the bank doesn't seem to be much interested.

British rubber growers in Malaya are planning a big U. S. publicity campaign to sing the praises of natural rubber.

The Rubber Development Board, Washington affiliate of the British organization, is working out the details.

The Malaya growers are up in arms at what they call "increasingly active propaganda against natural rubber." They also know that within the next year Congress has to decide whether or not to continue support of government-owned U. S. synthetic rubber facilities.

BUSINESS ABROAD



MAX W. THORNBURG has a businessman's answer to President Truman's challenge

Point Four? Here's How

Middle East expert tells what should and what should not be done in attempting the economic development of backward areas.

Oil has brought new wealth to the Middle East. But so far oil hasn't brought much change in the standard of living there.

Last year the government of Iran decided to turn its oil royalties to some lasting benefit. To get U. S. help, the country called in Max W. Thornburg, veteran Middle East oil man, formerly chairman of the board of engineers at Standard Oil Co. of California, and wartime petroleum adviser to the U. S. State Dept. Thornburg persuaded Overseas Consultants, Inc., New York, to take the Iran job (page 6). He felt O.C.I. would go about the problem of economic development of a backward area the right way—first things first.

Thornburg has done a little economic developing on his own. He lives with his family on the island of Umm A'Sabaan in the Persian Gulf, which was given to him 11 years ago by the Shaikh of Bahrein. When he got it, the island had not a drop of water or a blade of grass on it. Now it is a veritable Garden of Eden, with trees that have grown to a height of 30 ft. and an alfalfa crop from which Thornburg gets 10 cuttings a year.

Thornburg has just finished an economic study of Turkey (Turkey—An Economic Appraisal, Thornburg, Spry, & Soule—The Twentieth Century Fund, \$3.50). For other businessmen who might be wondering how President Truman's Point 4 program can be worked out in a practical way, BUSINESS WEEK asked Thornburg to outline his philosophy in this electronically recorded interview.

BW: In the case of the Middle East, do you think Point 4 is something American businessmen should concern themselves with now?

THORNBURG: If you mean should American businessmen begin to put a lot of capital into manufacturing or development projects in the Middle East now, I don't believe they should. There

are two things that have to be done first by these countries themselves.

One is reform on the government level, including many laws, tax and currency systems, and many administrative practices. Generally speaking, these were not built on a system of private enterprise or with that in mind.

Then the governments have to pro-

vide public services and public works of the nature that only a government can provide. I mean such things as roads, public health, schools, water supplies—the services we take for granted in this country. This is an essential base for any future economic development, whether public or private.

BW: How are you going to persuade these countries to go ahead with programs like that. Is that the job of the U. S. State Dept. or of the United Nations?

THORNBURG: It isn't a question of persuasion as much as of showing them how. And I doubt whether either of those organizations can do that.

In almost every one of these countries there is a group of responsible, progressive, resolute government officials and private citizens who want to push this type of economic development. But they need help. What our government should do is to encourage and support these groups—not make cash handouts for irresponsible bureaucratic agencies to waste on primitive industrialization schemes.

In my opinion, a substantial capital loan or grant will be practically useless in any of these countries until they have an organization that knows how to spend it. We who have worked in industries in the U. S. know how hard it is to spend, say, \$50-million properly in a year, even in a big corporation expansion program. It's an awful hard thing to do. These Middle East countries don't know how to do it now, and in trying to do it they waste 50¢ on the dollar, I would say, typically. They spend it on the wrong things—even do that inefficiently.

BW: Up to now the general tendency of Middle East countries has run to grandiose industrial development, hasn't it?

THORNBURG: In practically every country.

BW: You've just made a study of Turkey. Could you give us some examples?

THORNBURG: Turkey makes a very good example. After World War I, the country's leaders mapped an intelligent economic-development program that started where it should—increasing production and improving living conditions for the people. Unfortunately, they soon got off the track—partly thanks to some Russian advisers who came in with an \$18-million loan.

The Turks were sold on the idea that the best way to develop a country is to put all of its productive resources in the hands of the state, which in Turkey meant a small ruling group. In practice, this isn't so much a "planned economy" as it is a capitalistic economy in which practically all the capital belongs to the state.

The government started building fac-



"They waste 50¢ on the dollar . . . spend on the wrong things—do that inefficiently



"You can't haul nylon stockings from a factory . . . in an ox cart for very long"



"You wonder why anyone starts to build a factory before there is a body of consumers"

torics. That was simple enough. In any backward country all you have to do is squeeze enough money out of the public funds to bring in foreign contractors and the factories will go up overnight.

But the government neglected Turkey's basic needs—agriculture and the public works and services that are necessary for the creation of new wealth on the level of the people. In short, there was no noticeable rise in the standard of living of the 20-million Turks—no purchasing power to buy the products of the factories. The factories operated inefficiently: costs were high; quality poor.

These same things have been done elsewhere in the Middle East. You wonder why anyone starts to build factories before there is, at least potentially, a body of consumers with purchasing power enough to take the products. You can't carry nylon stockings from a factory in an ox cart for very long. Something is wrong with the picture.

BW: Just where would you start an economic-development program in the Middle East? Where would U.S. help come in?

THORNBURG: The first thing that has to be done is to establish the primary objectives of a development program, and to find the resources upon which it is to be based. That requires a very practical survey of the country by people who have the experience and the knowledge to do it—not by lawyers or economists or amateur missions from this country or any other, but by the same men who do this kind of work in this country: agriculture specialists, water-development engineers, irrigation experts, public-health and sanitation engineers, experienced business managers. The second thing is to create an organization capable of administering the development programs from the ground up.

During the war, when we had to get

results in the Middle East, we sent practical, experienced men. There's no short cut now under Point 4.

BW: Some of the best U.S. engineering talent—Overseas Consultants, Inc.—is doing just that work in Iran now, isn't it?

THORNBURG: Yes. About three years ago, a small group in Iran—one of those resolute minorities I was talking about, only this one included the Shah himself—embarked on an economic-development program aimed at the right objectives.

I was called in to put Iran in touch with competent U.S. help. The job called for practical results beyond the competence of any government agency I knew of, and was too big and diversified for any single consulting firm to take on.

I had just heard about the work 11 of our leading engineering and management consulting firms had done in Japan under the name of Overseas Consultants. The Iranian government agreed that if anyone could show them how to carry out a program, O.C.I. could. So I came to New York and asked these firms if they were interested. They thought it would be a good idea—not only to show Iran, but to show others, too—and signed the contract.

BW: Given the proper study and administrative setup, what is the first problem you think a group such as O.C.I. should tackle?

THORNBURG: First, something has to be done about public health. The people in all these countries are diseased. It is not unusual in the harvest season to find so many of the men, women, and children of a village down with malaria that they can't harvest their crops.

BW: It shouldn't be too tough to wipe out a lot of the disease, should it? The Army did wonders in the South Pacific during the war.

THORNBURG: We know that in the first year we can eliminate 80% to 85% of the malaria in any region, and along with it many of the other diseases—or at least improve them.

BW: Where do you go from there?

THORNBURG: Agricultural production must be increased to supply food for the people.

BW: You mean the Middle East should be self-sufficient in food?

THORNBURG: It most certainly should and can be, and practically every large region within it.

Immediately we get into the field of agricultural improvement, we find that it isn't only the farmers' own problems—like primitive implements and diseases and pests—that have to be dealt with. There's the transportation problem, too.

There are practically no roads in the Middle East outside of a few military highways—and they need simple, country roads far more than they need paved highways. The idea is to get the farm surplus to the market. Otherwise the farmer won't grow a surplus—not is he going to get the increased revenue that comes from disposing of it, which means he doesn't get the means to better his lot: take care of his children; build a better house; or buy the products of the factories that are being built.

BW: Could you give us some idea of the time schedule for such programs—say in Iran?

THORNBURG: Yes, and I think it will bring home the fact that first need of these countries is not for capital.

The initial survey in most Middle East countries will take at least four to six months. Another six months will be needed to start an organization to carry out the provisions of the survey. That, incidentally, is quite a job. You have to set up an organization that is, for all practical purposes, free from political influence.

In six months all you will have is a

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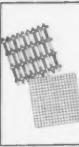
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See page 50 of the July 30 issue

start. But it will be a good start—if our government or the U.N. don't cut the ground from under it, either by presenting a large cash handout or sending over a mission of inexperienced men like some they have sent.

BW: There's a year gone by.

THORNBURG: There is the first year or so—and where is the need for outside capital? I don't mean that you do these things for nothing, but none of these countries—particularly the big ones: Turkey, Iran, Iraq, Syria, Saudi Arabia—none of them is so short of funds that they can't finance this kind of thing right out of their own budgets. It isn't lack of capital that has stopped them—or of theoretically trained men, for that matter. What they have lacked is experienced men.

BW: How far along with its program is O.C.I. today?

THORNBURG: Just finished the first stage—its survey—and is now about to present its finished report, which includes a program of work and the setup of an administrative organization. The next half-year in Iran will have to see emphasis on creating this organization.

Now, I don't mean to say that during the next half-year some of the beginning steps of the work itself won't be done. The only way you can create an organization is to put men to work and show them how to do their jobs.

BW: Fairly extensive training programs will have to be set up?

THORNBURG: Training courses will be carried on all over the country—in every factory, every farming district, every town, every power system, on the railroads—everywhere there is a need for trained men. And training means showing them how—not just telling them how.

It isn't only engineers that are needed. It's skilled labor of many kinds, especially foremen. There are no foremen, as we think of the term, in practically any of the Middle East countries. We will have to bring them in—from Italy, from any of the European countries, or from here.

BW: Besides technical help, will these countries have to buy anything else from the outside during the first year of such a program?

THORNBURG: Perhaps late in the first year there will be a need for road-building equipment and simple farm implements, for example. Certainly not a lot of complicated farm machinery—just the kinds of things that, when I was a boy, used to fill a quarter of a Sears, Roebuck catalog: shovels and hoes, pitchforks, wheelbarrows, galvanized-iron buckets, steel plows, simple cultivators, and farm wagons.

BW: They could make that sort of stuff at home, couldn't they?

THORNBURG: Of course, they could, but not right away. Those things



"I would expect most of these [first] plants to be developed by state capital"

should be the first things manufactured; though, because they are the first things they need.

BW: At what point in your time schedule would you think that outside capital—say, from an organization like the World Bank—will be needed?

THORNBURG: Not until lack of capital is what really holds them back.

If a country undertakes a program the way Iran is now—and the way I hope Iraq, Syria, and Egypt are about to—then I think that in about a year they should be able to demonstrate that they could make additional improvements—particularly in increased production—if they had more capital.

Such a loan might be needed to build a new water supply for a city that is drinking filthy, disease-laden water now. It might be needed for a road network that involved a lot of bridges, or for small electric-power plants.

During my lifetime in our own Southwest—where I was born and raised—I saw the very things take place that I am talking about for the Middle East. These countries, generally speaking, are dry in the same way that Arizona and southern California were dry. First of all we drilled wells to get water, built some simple roads, introduced simple but modern farm implements—the kind I mentioned a while ago. It was some time before we began to have aqueducts and hydroelectric power and mechanized farm equipment.

BW: When do you think these countries might be ready for new manufacturing investments?

THORNBURG: By the end of a year or two they might want money to finance light manufacturing industries—factories for low-priced textiles, building materials, or farm implements.

BW: Would you expect private capi-

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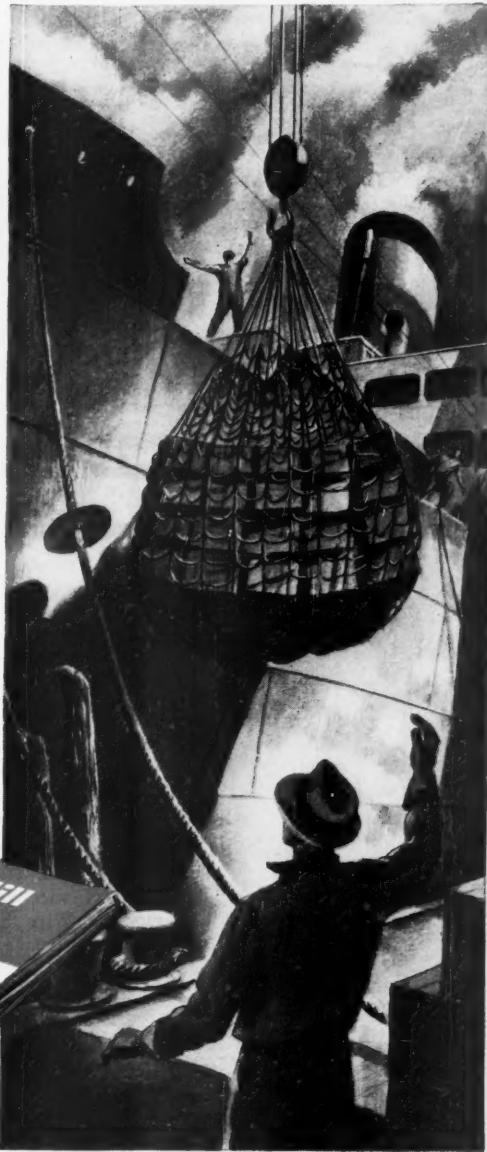
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tal or the local governments to develop these industries?

THORNBURG: Right now I would expect most of these plants to be developed by state capital. With the help of experienced foreign managers, the governments can operate these plants at a profit. Then the private investor can see that if he puts his money into similar enterprises, he can make a profit—if the government wants him to, of course.

About the only things that private capital is spent for now in the Middle East are enterprises which will return a very high profit with practically no risk—building houses for rent, and various merchandising activities—practically nothing that produces any new wealth.

One compelling reason for this is their system of laws, which has never aimed at the development or security or encouragement of private enterprise. These will have to be changed, but it is likely to be done only as the need for it becomes clear—as the whole level of the economy rises.

BW: Would the governments keep control of their model plants?

THORNBURG: Part of the program should be—and is in Iran, prospectively—to sell these plants to private investors as soon as they are put on a paying basis—with the understanding, of course, that expert management continues until the private investor is able to run it himself.

BW: Do you think U. S. government guarantees will be necessary or desirable to cover U. S. investments, say in Iran, when economic development will allow them?

THORNBURG: My observation has been that American capital doesn't need very much guaranteeing to go anywhere in the world where local conditions make private business possible for anyone. And if those conditions don't exist even for the people in the country, a guarantee doesn't seem to make sense.

BW: Do you regard economic development in the Middle East as important politically to prevent the growth of communism?

THORNBURG: It is vitally important and absolutely essential. The 50-million people in the Middle East are living under deplorably poor conditions, and always have, and these conditions haven't been improved as a result of the so-called development programs that have been followed since World War I. In the last few years there has been a general awakening all through these countries that it isn't necessary for people to live that way . . . that it is possible to live the way we do, here in the West.

BW: You think, then, that the West has a greater attraction in the Middle East than does communism?

THORNBURG: Right now, yes. But if nothing is done to confirm their belief within, say, two or three years, they might easily turn to communism.

Indonesian Oil Climbs Toward 1940 Peak

PALEMBANG, Sumatra—American and European oil companies have taken the postwar political and economic upheavals of Indonesia in their stride. It's estimated here that in the past four years they have put more than \$200-million into rehabilitation.

Transfer of sovereignty by the Dutch to the Indonesians (slated for the end of 1949) apparently won't slow down the oil companies either. Standard Vacuum Oil Co. (Stanvac—a joint Standard of New Jersey and Socony-Vacuum enterprise) is spending \$6-million for housing alone at its Soengi Gerong refinery near Palembang. And nearby, Shell's Batavian Petroleum Co. is building a new aviation gas plant for its Pladjoe refinery.

• **Going Up**—For all of Indonesia, crude output this year should total 45-million bbl., almost 40% ahead of 1948. Next year it is expected to top the 55-million-bbl. peak reached in 1940.

• **Four out of Six**—Four of Indonesia's six prewar refineries are now operating. Biggest of these is Shell's 75,000-bbl.-a-day plant here at Palembang. Nearby is Stanvac's 66,000-bbl.-a-day refinery.

All told, the four refineries are turning out about 150,000 bbl. of petroleum products daily. When the other two are back in shape, Indonesia's capacity for refined products will reach about 180,000 bbl. a day.

CAMPAIGN FOR DOLLARS

TORONTO—U. S. branch plants in Canada soon will start a campaign to sell their business associates in the U. S. on a simple moral: If you don't buy more from Canada, Canada won't be able to buy as much from you.

Many companies are now laying campaigns to carry this story to both management and labor in the parent organization. Already on the agenda are radio and television programs, plant visits, house-organ publicity campaigns, and interviews with newspapers in the parent company's home towns.

The Assn. of Canadian Advertisers has briefed Canadian companies on how they can earn more dollars for Canada. One way suggested is for the branch company to find cheaper sources of raw materials—in Canada—to supply the parent U. S. company. Another of the many suggestions: Get the parent company to entertain its guests in Canada.

The association points out that U. S. business has a \$5-billion stake invested in Canada. These companies, along with the rest of Canada, are dependent on the U. S. for a steady flow of everything from citrus fruits to steel.

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Statistics—a Need for Improvement

What's wrong—and what's right—with the statistical services of the federal government?

Businessmen last week were treated for the first time to a comprehensive and objective study of this all-important question. It comes in the form of a report on "The Statistical Agencies of the Federal Government." It was prepared by Professors F. C. Mills and C. D. Long for the National Bureau of Economic Research, which was charged with the task by the Hoover Commission on the Organization of the Executive Branch of the Government.

Contrary to many impressions, excessive cost is not the main problem of government statistics. True, the operation is sizable enough. The federal civilian agencies—we learn for the first time—employ over 10,000 people in statistical work, which costs upward of \$40-million annually. But that is still only 0.1% of the federal budget. Plainly, potential savings in statistical costs—and hence taxes—cannot bulk large in the commission's over-all analysis.

The basic problem is different. Federal statistics have become the intelligence system for the operation of modern democracy and modern business in the middle of the 20th century. In the last two decades, both the nation in general and the business community in particular have come to depend on federal statistics in myriad ways. They are essential for keeping track of changes not only in the over-all economy, but also in specific markets, industries, and businesses. In the everyday course of affairs, decisions of momentous weight now hinge on federal figures—what they show, what they mean, whether they are reliable. So the interest to business in the actual and potential usefulness of government statistics far exceeds that in their immediate cost.

No Coordination

The main trouble with government statistical activities is that they were not developed to fill modern needs. They just developed—or just grew, like Topsy. And they have been only partially coordinated or adapted to either the nation's or business' purposes.

A great many federal statistics originate in administrative agencies, such as the Bureau of Internal Revenue or the Social Security Administration. Others are collected as part of the regular functions of various bureaus: Census, Agricultural Economics, Labor Statistics, and the like. But the legal basis for such work derives from many separate statutes—each enacted without regard to the others.

One of the chief results of this system is that the bulk of statistical funds goes into the collection of raw figures required by law. Too little is spent for analysis, explanation, coordination—the main jobs of an intelligence system in a democracy. Such tasks are performed by a few agencies like the Council of Economic Advisers, the Department of Commerce, the Federal Reserve Board.

The only official coordinating agency at present is the Division of Statistical Standards of the Bureau of the Budget. That unit is charged with many unifying functions. It has set up committees inside and outside the government directed towards that task. Another important job it does is to sponsor new statistical programs to fill some existing gaps.

But the division necessarily spends most of its time in carrying out the Federal Reports Act of 1942. This job involves eliminating duplication in government questionnaires to business—which is the chief direct way to save money for both. Thus, the broader activities of the division fall far short of the needs of a statistical intelligence system.

Deficiencies

Mills and Long list a whole series of similar deficiencies in the present setup:

- Functions of various agencies overlap.
- Too many statistics are collected in some fields; too few in others.
- Many series are not comparable; some even conflict.
- Some agencies' statistics, statisticians, and statistical methods are good; those of others are poor.
- Many essential statistics are not collected at all, because no agency has the job.
- Many figures that are collected to meet some legal requirement are never refined or analyzed for lack of funds.
- Perhaps most important, the statistical agencies don't do a consistently good job of (1) publishing data which they have; (2) doing so promptly; and (3) describing fully the nature and limitations of the figures involved.

All these difficulties trace back to our piecemeal approach to government statistics. They are greatly magnified every time Congress sits down to trim a couple of million dollars off the statistical budgets, for that stymies every effort of the agencies themselves to try to overcome these defects.

Mills and Long do not condemn the government statistical setup in toto. They say:

"The reports on economic and social processes that are available to government officials and private citizens of the United States are more comprehensive, more accurate, and more detailed than those available at any other time or in any other country."

Nonetheless, the authors say there is great need for improvement. They list 28 specific recommendations. The key one is to unify federal statistics under an Office of Statistical Standards & Services. The aim: to coordinate the work in the direction of a true intelligence system.

In a nutshell, the message of this Hoover Commission Report is this: Our problem is not to spend less for statistics—but to get more for our money. Both the business community and Congress would do well to heed it.



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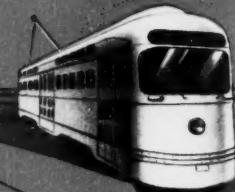
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